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Daily Report

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General

Qian Qichen Dismisses Hegemonism Concerns

HK1405042395 Hong Kong AFP in English
0339 GMT 14 May 95

[FBIS Transcribed Text] Beijing, May 14 (AFP) — Foreign Minister Qian Qichen dismissed here Sunday concerns that an economically developed China may become a regional bully, pledging that this Asian giant would "never threaten or invade other countries."

Qian, in a speech to a conference here on China's relations with its Asia-Pacific neighbours, highlighted his country's rejection of hegemonism while focusing on its desire to play a positive role in achieving global and regional peace and stability. "Opposed to hegemonism of all forms, China itself will never seek hegemony," he said. "Some people are wondering whether China will pose any threat to other countries when it is economically developed ... China will never threaten or invade other countries. Instead, it will always be a positive factor for world peace and development," he added.

Qian's comments followed a speech to the same conference Saturday by Singaporean Premier Goh Chok Tong, who urged greater transparency from Beijing over its military modernisation and foreign trade practices, which he said were a source of considerable anxiety to China's Asian neighbours. "The uneasiness with China goes deep," Goh said, pointing specifically to increased military tensions in the South China Sea. The recent flare-up in tensions focuses on allegations by the Philippines that China established military installations and sent naval vessels to reefs in the Spratly Island chain claimed by Manila. Analysts regard disputes over the island chain, also claimed all or in part by Vietnam, Malaysia, Brunei and Taiwan, as the most likely source of conflict in the region.

Qian reiterated China's public stance — applicable to the Spratlys as well as other issues — that disputes should be solved through "patient and friendly consultations" and that, in the meantime, differences should be shelved in favour of developing overall state-to-state relations.

Further on Hegemonism Stance

OW1405073695 Beijing XINHUA in English
0720 GMT 14 May 95

[FBIS Transcribed Text] Beijing, May 14 (XINHUA) — Chinese Vice-Premier and Foreign Minister Qian Qichen said here today that China absolutely never seeks hegemonism and will never threaten or invade other countries, and this is China's inevitable choice.

"China needs a peaceful and stable international environment for its development. China opposes hegemonism of any form and it will never seek hegemonism itself," Qian said.

In a speech to the on-going conference of the Asia Society here, Qian said that in the past century and more, the Chinese people suffered tremendously from aggression by foreign powers, and historically, China has never engaged in expansion or aggression of other countries.

"Do not do unto others that you do not want others to do unto you," the vice-premier quoted the ancient Chinese philosopher Confucius as saying. China will never threaten or invade other countries, Qian said, adding that instead, China will always be a positive factor in promoting world peace and development.

"This is determined by China's state system and its development strategy and objectives, and this is an inevitable choice China has made for the sake of the fundamental interests of the Chinese people and the people of the world as a whole," the Chinese foreign minister said.

He said that the Chinese government has all along pursued an independent foreign policy of peace, and its fundamental goal is to safeguard national unity, state sovereignty and territorial integrity, maintain world peace and promote common development.

China stands for establishing and developing friendly relations and cooperation with all countries on the basis of the Five Principles of Peaceful Coexistence, Qian said.

Qian told the some 800 participants who are here exploring China's relations with its neighbors that the priority of China's diplomatic work is to actively expand good-neighborly relations of friendship with its neighbors and to strive for a peaceful and tranquil surrounding environment for domestic reform, opening-up and modernization drive.

China stands for peaceful settlement of international disputes through dialogues and negotiations and opposes the resort to force or threat of force in handling state-to-state ties, he said.

Qian added that China has made its own contributions over recent years to facilitating the peaceful settlement of the Cambodian and Afghan issues and to maintaining peace and stability on the Korean Peninsular.

Meanwhile, China has, through friendly consultations, appropriately settled the territorial issues and demarcation of its boundary with some of its neighbors, Qian said.

"Practice has proved that so long as the parties concerned proceed from the overall interest of maintaining peace and stability and take into account the long-term interests of their people, they will be able to find, through patient and friendly consultations, practical and feasible solutions to however complicated problems," Qian said.

Qian Says Healthy, Stable Relations 'Imperative'

HK1405044195 Hong Kong AFP in English
0423 GMT 14 May 95

[FBIS Transcribed Excerpt] Beijing, May 14 (AFP) — Foreign Minister Qian Qichen dismissed here Sunday concerns that an economically developed China may become a regional bully, pledging that this Asian giant would "never threaten or invade other countries." [passage omitted]

Qian reiterated China's public stance — applicable to the Spratlys and other issues — that disputes should be solved through "patient and friendly consultations" and that, in the meantime, differences should be shelved in favour of developing overall state-to-state relations.

He hailed China's success in achieving an "appropriate settlement" of many of its own territorial disputes and its positive contribution to bringing peace to Cambodia and maintaining stability on the Korean Peninsula.

South Korean Primer Minister Lee Hong-Koo on Saturday, urged China — North Korea's only powerful ally — to use its influence to reduce tensions caused by the "lethal" Cold-War legacy of the divided peninsula, saying it could thereby "make one of its greatest potential contributions to world peace"

Qian himself put his country's global influence as on a par with that of the United States. "As two big countries of global influence, China and the United States shoulder great and unshirkable responsibilities for the future of the world and the destiny of mankind," said Qian, adding that it was therefore "imperative" for the two to maintain a healthy and stable relationship. Despite progress in improving bilateral ties over the past year, he said, historical, social, cultural and economic differences had nevertheless caused problems. "What is important is that under the new situation we should discard the Cold-War mentality, transcend the ideological differences and have a clear understanding of the major common interests," he said, urging disputes to be dealt with properly through consultations.

On broader global relationships, Qian said nations should use this year's 50th anniversary of the end of World War II to draw lessons from history, expressing belief in a worldwide trend towards seeking cooperation.

However, he noted, "the Cold War mentality still manifests itself from time to time in current international relations and hegemonism and power politics are yet to be eliminated."

Adopting China's preferred stance as a champion of Third World nations, Qian also noted that global economic development was uneven and that "the defects and instability in the international economic, trade and financial systems have become more prominent."

Further on Healthy Relations

OW1405083195 Beijing XINHUA in English
0820 GMT 14 May 95

[FBIS Transcribed Text] Beijing, May 14 (XINHUA) — Chinese Vice-Premier and Foreign Minister Qian Qichen said here today that it is all the more imperative for China and the United States to maintain a healthy and stable relationship at a time when the world is undergoing profound changes.

Delivering a speech at the Asia Society's Sixth International corporate conference, Qian said that both countries are shouldering great and unshirkable responsibilities for the future of the world and the destiny of mankind, and playing an important role in handling and solving major international issues.

Given the wide-ranging complementarity between the two economies, he said the development of mutually beneficial economic cooperation and trade between the two countries not only serves the common interests, but also contributes to economic prosperity in Asia-Pacific and the world as a whole.

Noting progress made in Sino-U.S. relations in the past one year and more, Qian said that the high level contacts between high-ranking officials have markedly increased, adding that the two summits between leaders of the two countries in particular have instilled new vitality for further improvement and development of bilateral ties.

The Sino-U.S. cooperation in the economic, trade, scientific and technological and other fields has steadily expanded, he added.

Nevertheless, the Vice-Premier said, owing to the difference in the historical background, social system, values, cultural tradition and level of economic development, the two countries do have differences on certain issues.

This is nothing strange, he said, adding: "what is important is that under the new situation we should discard the Cold-War mentality, transcend the ideological differences and have a clear understanding of the major common interests between our two countries".

As for differences between the two countries, Qian said: "We should try to address them properly through consultations in the spirit of mutual respect, non-interference in each other's internal affairs, equality and mutual benefit and seeking common ground while putting aside differences."

"We should do everything to prevent them from hindering and obstructing the improvement and development of our bilateral relations," he said.

Qian viewed the Asia society as a U.S. non-governmental organization for studies on Asia-related issues and exchanges with Asian countries, saying that it has done useful work to improve Sino-U.S. relations.

"I believe that it will continue to do so in this regard," he added.

Further Coverage of U.S.-DPRK Talks

High-Level Talks in Future

SK1205014095 *Beijing China Radio International in Korean 1100 GMT 11 May 95*

[FBIS Translated Text] Robert Gallucci, assistant U.S. Secretary of State, held consultations with delegations of the ROK and Japan in Seoul on 10 May over the method for a solution to the nuclear problem on the Korean peninsula.

After the meeting, Gallucci told reporters that if Pyongyang persists in its present position, the possibility for success in negotiations is slim. He stated that the side which should change its position is the DPRK, not the United States nor its allies.

The issue of providing light-water reactors to the DPRK is one of the major contents in the framework agreement signed last year between the United States and the DPRK last year on the nuclear issue. According to the agreement, the two nations should reach agreement on this issue before 21 April this year without fail. While the two sides held a final session of negotiations for this issue in Berlin last month, both sides merely insisted on their own views and the negotiations ended in failure.

Following this, the United States proposed that the two countries hold high-level talks, and the DPRK agreed with the proposal.

Nevertheless, the two sides have failed to reach a decision on the time and place for the talks.

According to a report, in a reply letter to the DPRK, Gallucci turned down the DPRK's proposal to hold DPRK-U.S. high-level talks in Pyongyang.

It was learned that the United States hopes to hold the talks in Geneva or some other place around 18 May.

Negotiations Viewed

SK1305095095 *Beijing China Radio International in Korean 1100 GMT 12 May 95*

[FBIS Translated Text] In a statement issued on 11 May, the DPRK Foreign Ministry said that the DPRK will continue to guarantee the freeze of its nuclear program until the end of the forthcoming DPRK-U.S. high-level negotiations on the nuclear issue. The statement stressed that the DPRK still adheres to its original position that it will never accept ROK-type light-water reactors.

Since the DPRK and the United States stubbornly insisted on their respective positions on the light-water reactor issue, the negotiations on the nuclear issue in Berlin between the two countries' officials ended in failure in April. After the failure of the Berlin negotiations, the U.S. side proposed holding high-level negotiations, and the DPRK agreed to it.

However, the sides are still discussing the meeting place and date, as well as the level of both sides' delegates to the talks. U.S., ROK, and Japanese delegates in charge of the nuclear issue convened a meeting in Seoul on 10 May to prepare measures for the forthcoming DPRK-U.S. high-level negotiations on the nuclear issue. Following the meeting, they released a communique stressing that the ROK will play a leading role in supplying the DPRK with light-water reactors. However, it is not specified in the communique that the light-water reactors to be supplied to the DPRK must be ROK-type. In light of this, public opinion recognizes that the U.S., ROK, and Japanese position on the issue of supplying light-water reactors to the DPRK has somewhat attenuated.

However, Robert Gallucci, U.S. representative for the nuclear issue and assistant secretary of state, told reporters before leaving Seoul on 11 May: At the Seoul meeting, the U.S., ROK, and Japanese officials did not mention that the United States would concede to the DPRK in the next round of negotiations. He stated: It is the DPRK, not the United States or its allies, that should change its position.

DPRK Seeks New Peace Mechanism

SK1405145195 *Beijing China Radio International in Korean 1100 GMT 14 May 95*

[FBIS Translated Text] Following the announcement released a few days ago on the holding of DPRK-U.S. political talks on the supply of light-water reactors, a spokesman for the DPRK Foreign Ministry stated on 13 May: The Armistice Agreement that recognizes hostile relations between the DPRK and the United States must be abated and a new peace mechanism should

be established to smoothly implement the DPRK-U.S. agreed framework.

The spokesman also stated: It is a fundamental obstacle to the implementation of the DPRK-U.S. agreed framework that the United States is still practicing its hostile policy on the DPRK.

He added: In light of the current situation on the Korean peninsula, the establishment of a peace mechanism is a pressing issue between the DPRK and the United States, which cannot be delayed any further.

Further on NPT Conference

Extension 'Positive Result'

OW1305012395 Beijing XINHUA Domestic Service in Chinese 0836 GMT 12 May 95

[By reporter Gao Jianxin (7559 1696 2450)]

[FBIS Transcribed Text] Beijing, May 12 (XINHUA) — On 11 May, Sha Zukang, Chinese delegate attending the Conference on Review and Extension of the Nuclear Nonproliferation Treaty (NPT), highly evaluated the NPT's indefinite extension, saying, "This positive result will have a far-reaching, important impact on the future."

Today the conference, chaired by Sri Lankan Ambassador Jayantha Dhanapala, passed three decisions without a vote: the NPT's indefinite extension, the principles and objectives for nuclear nonproliferation and disarmament, and the strengthening of the NPT's review process. Addressing the conference after the adoption of the three decisions, Ambassador Sha Zukang explained the Chinese Government's views and position on related issues.

Sha Zukang said: China has pushed for the NPT's extension from the very beginning. It has unequivocally advocated a decision on its extension through consultation and has worked vigorously for this goal.

Touching on the three decisions, Sha Zukang said: The NPT's indefinite extension has reaffirmed the treaty's role under the new circumstances and three major goals — nuclear disarmament, the prevention of nuclear proliferation, and international cooperation for promoting the peaceful use of nuclear energy. The adoption of the two other decisions by the conference shows that strengthening the comprehensive enforcement of the treaty is conducive to safeguarding international peace and security and is in line with the common demands and interests of all signatories.

Speaking of how the treaty should be understood, Sha Zukang stressed: The prevention of nuclear proliferation itself is not the ultimate end but an interim step toward

a comprehensive ban and the complete destruction of nuclear weapons. The treaty's indefinite extension once again affirms the various goals of nuclear disarmament and must not be understood as allowing nuclear weapon states to forever keep the privilege of possessing nuclear arms.

He said: Countries possessing nuclear weapons should earnestly fulfill their nuclear disarmament obligations and, as they did in the case of the conventions for the comprehensive ban of chemical and biological weapons, enact a convention for the comprehensive ban of nuclear weapons so that nuclear weapons will be banned and completely destroyed under effective international supervision. He held: This should be the primary objective of nuclear disarmament. At the same time, a comprehensive nuclear test ban treaty, a convention banning the manufacturing of the fission material used in nuclear weapons, a treaty on the non-first use of nuclear weapons, and a legal document on unconditional non use and non threat of use of nuclear weapons against non nuclear states and nuclear free zones should be concluded as soon as possible.

On the prevention of nuclear weapons proliferation, Sha Zukang said: To promote the goal of a comprehensive ban and complete destruction of nuclear weapons, the international community needs to make additional efforts to prevent the proliferation of nuclear weapons.

He said: China believes the prevention of nuclear proliferation should work toward the peaceful use of nuclear energy and help safeguard the legitimate rights of the vast number of developing countries in the peaceful use of nuclear energy; it should not become an obstacle to the peaceful use of nuclear energy. There should be no double standards in the peaceful use of nuclear energy and in the prevention of nuclear proliferation.

Conference Ends

OW1305061595 Beijing XINHUA in English 0541 GMT 13 May 95

[FBIS Transcribed Text] United Nations, May 12 (XINHUA) — After four weeks of intense negotiations, the 1995 Review and Extension Conference of the Parties to the Treaty on Non Proliferation of Nuclear Weapons (NPT) drew to an end late today.

The Conference adopted without a vote of the Final Document, which gave an overall review of implementation of the Treaty in the past five years, and also suggestions for future implementation of the Treaty.

On Thursday [11 May], the Conference approved a package of decisions, which made the 25 year old

Treaty permanent, set guiding principles, objectives for nuclear non-proliferation and disarmament as well as steps to strengthen the review process of the Treaty.

The Conference was convened in accordance with the Treaty, which asks for a review conference every five years after the Treaty came into force in 1970, and a conference after 25 years to decide whether it could be extended again for a fixed period, periods or indefinitely.

Almost all of States parties to the Treaty agreed that the Treaty had helped limit spread of nuclear weapons in the world and should be extended. Out of the 178 States parties to the Treaty, 175 States participated in the month-long Conference.

During negotiations process for the Treaty's extension, non-nuclear weapon countries, especially the non-aligned States, expressed a strong hope that the nuclear disarmament should be quickened and that the prevention of nuclear weapon proliferation should not hamper the peaceful use of nuclear energy.

Their desires were reflected in two non-legal binding decisions adopted as a package with the indefinite extension decision. The two companion decisions call for more progress in disarmament and a strengthened system of monitoring compliance with the Treaty.

Under the decisions, the nuclear weapon states are committed to pursue systematic and progressive nuclear disarmament, to reach a nuclear test ban treaty no later than 1996, to develop a legal binding security guarantee for non-nuclear weapon states.

Reportage on Asia Society Annual Session

Rong Yiren Addresses Meeting

OW1205145195 Beijing XINHUA in English
1426 GMT 12 May 95

[FBIS Transcribed Text] Beijing, May 12 (XINHUA) — An international corporate conference opened here today to explore China's outlook and its new role in the Asian region and the global economy.

The conference, titled "China And Its Neighbors: Economic Relations In a Region of Rapid Growth", is attended by 800 business executives, government officials and media representatives from the Asia-Pacific region and Europe including Singaporean Prime Minister Goh Chok Tong and Prime Minister of the Republic of Korea Lee Hong Koo.

Chinese Vice-President Rong Yiren said in his opening speech at the conference that the relations between China's economy and the world economy has been closer, and China's market has been an inspiring one brimming with vigour.

Rong told the conference that China hopes statesmen and business leaders would make concerted efforts to safeguard the world peace, strengthen cooperation and promote human development, so as to bring a world of peace and prosperity to the new century.

China is a major force of maintaining the world peace and promoting human development, Rong added.

The vice-president said that China's opening-up and economic cooperation with foreign countries are all-directional and based on equality and mutual benefits with common prosperity as its target.

The conference, sponsored by the Asia Society and Dow Jones & Company Inc., along with the Chinese Ministry of Foreign Trade and Economic Co-operation, is the sixth of its kind organized by the Asia Society, a US institution dedicated to fostering public understanding of Asia and communication between Americans and the peoples of Asia and the Pacific.

Li Lanqing Addresses Society

OW1305065095 Beijing XINHUA in English
0635 GMT 13 May 95

[FBIS Transcribed Text] Beijing, May 13 (XINHUA) China is prepared to maintain an open world multilateral trade regime and ready to mutually open the markets to other countries within the framework of the multilateral trade regime.

This was stated today by Chinese Vice-Premier Li Lanqing in his keynote speech to the ongoing annual session of the Asia Society.

"China will adhere unswervingly to the policies of reform and opening no matter when it accedes to World Trade Organization (WTO)," Li said, adding that China's determination and confidence in the reform and opening are unshakable.

China's re-entry to GATT and its accession to WTO will not only meet the need of its own reform, opening and economic development, but will also help set up a complete and sound world trade order, Li said.

However, China "will not prejudice its fundamental national interests in return for them," he stated.

As it is not long that China will be invited to resume the negotiation on its re-entry into GATT and accession to WTO, China hopes that with the acknowledgement of China's status as a developing country and under the Uruguay Agreement all parties will take a practical and flexible manner so that the matter can be settled properly. "The exclusion of China from the multilateral trade regime will inevitably affect the universality and representativeness of the WTO," Li said.

China has consistently attached importance to the development of bilateral economic and trade relationships with other countries. This is the base for China's policy of omni-directional opening and it is also where the advantage of China's foreign economic and trade relations lies, he said.

China adheres to the policy of combining bilateral and multilateral relations and the rules and regulations of the world multilateral trade regime will be regarded as an important standard for China to conduct its bilateral economic and trade relations with other countries. China is ready to mutually open the markets to other countries within the framework of the multilateral trade regime on the basis of the mentioned principles and opposed to various forms of trade protectionism.

Specifically, Li noted, China will reduce and gradually open its domestic service trade market so as to create a fair environment for the competitive foreign goods and services to enter the Chinese market. This accords with China's efforts to build its socialist market economy and hook up its economy with the rest of the world, he said.

Singaporean Official Speaks

*OW1305095495 Beijing XINHUA in English
0910 GMT 13 May 95*

[FBIS Transcribed Text] Beijing, May 13 (XINHUA) — Singaporean Prime Minister Goh Chok Tong today called for an early re-entry of China into the GATT and giving the country space and time to play by global rules.

Prime Minister Goh made the remark at the ongoing annual session of the Asia Society which was attended by some 800 delegates from a score of countries.

"China should be helped to join the World Trade Organization (WTO) early, not having its application blocked. Membership at the WTO will commit China to observing and enforcing international rules on trade. It will also help open up China's markets," Goh Chok Tong said.

Involving China in the activities of international organizations like APEC and the ASEAN Regional Forum, and later the Asia-Europe Meeting, would quicken the country's integration with the outside world, Goh noted. And, he added, a country that has a stake in global trade and economic growth will have an interest in upholding international laws and standards.

Goh Chok Tong held that China would remain a developing country for a long time to come and its economic might should not be overstated. Its per-capita income is less than 10 percent that of the US, and only

half the ASEAN nations' average, measured on the same basis.

On the complaint from some parts of the world about China's participation into the world economy, Goh said the complaints "viewed from a different perspective they take on another hue." In the context of China's world trade, it runs a deficit with the rest of the world though it has been running a trade surplus with the US. China has had deficits in 11 of the last 17 years with the cumulative deficit at 30 billion US dollars, he noted.

As for foreign participation in China's economy, Chok shared the view in the book "China in the World Economy" by Nicholas Lardy that China is more open than Japan, Republic of Korea, and Taiwan at a similar stage of development. Compared with Japan today, China has been seen as being more liberal. Even its equity markets, though still in their infancy, are more open to foreign ownership.

Wu Yi Addresses Conference

*OW1305143095 Beijing XINHUA in English
1353 GMT 13 May 95*

[FBIS Transcribed Text] Beijing, May 13 (XINHUA) — Chinese foreign trade minister Wu Yi said here today that China will make unremitting efforts to constantly improve the free trade system with Chinese characteristics and bring it in line with the prevailing trade system of the world.

To standardize and guarantee such a free trade system, Wu said, China will strive to build up in three years a legal framework regulating foreign trade and economic activities.

Wu made the remarks this afternoon when addressing an international corporate conference of the Asia Society.

While improving the export management system, Wu said, China will stress the reform of import system and try to regulate imports mainly through economic and legal means.

She said that China will provide equal opportunities to foreign products competing for access to the Chinese market, while giving protection to infant industries in line with the existing international trade rules.

China's future task to improve the favourable policies for foreign investment is to open more sectors, especially trade in services, to foreign involvement in a gradual manner, Wu said.

According to her, the priority sectors for utilizing foreign investment are agriculture, energy, transportation, raw material industries and projects in basic industries with advanced technology.

China's effort to improve investment climate is designed to enable foreign-funded enterprises to enjoy national treatment and invest and operate in China according to international practice, Wu said, adding that she believed the issues of national treatment for foreign-funded enterprises in China will be eventually resolved.

"China upholds an all-directional and diversified cooperation policy, supports and safeguards the multilateral trade and economic system", she said.

As a developing country, China is a strong advocator for establishing a new world economic and political order and a staunch supporter of the international multilateral trade and economic system, Wu told the conference.

China fully participated in the Uruguay Round of talks of the General Agreement on Tariffs and Trade and signed the Final Act and the agreement on establishing the World Trade Organization, and the country has attended the APEC Informal Summit meetings and supports the goal of APEC trade liberalization.

Wu said that all these well demonstrated China's positive and practical attitude and its good wishes towards global and regional multilateral trade and economic arrangements.

The minister explained that China's free trade system with its own characteristics has a double meaning. On one hand, China will bring its trade regime in line with the international practice, she said, and on the other hand, it will push forward the process of free trade in both global and regional sense with its own effort based on its own present conditions.

Wu Yi Vows Improved Foreign Investment Climate
HK1305083895 Hong Kong AFP in English
0759 GMT 13 May 95

[FBIS Transcribed Excerpt] Beijing, May 13 (AFP) — Chinese Foreign Trade Minister Wu Yi pledged Saturday to address the complaints of foreign businesses in China who say they are not accorded the same "national treatment" as domestic enterprises. "China will continue to improve the investment climate with the objective of enabling foreign investment enterprises to enjoy national treatment and invest and operate in China according to international practices," Wu said in a speech to a regional economic conference.

Foreign-funded firms in China have repeatedly cried foul over the preferential treatment granted to Chinese firms in a wide variety of areas, including access to foreign exchange and market access. While continuing to protect "infant" Chinese industries in accordance with international trade rules, Wu said the government would seek to give equal opportunities to foreign products

to compete in the domestic market. She specifically mentioned a wider opening of the domestic service sector, which until now has remained largely closed to foreign competitors.

"We will also adjust certain existing irregular policies and carry out unified foreign trade and economic policies and further improve policy transparency." [passage omitted]

Addressing another grievance of China's foreign trade partners — especially the United States — Wu said the government would use every means to ensure the enforcement of copyright protection laws, which Beijing views as a "prerequisite for integrating China's economy with the world economy."

At the same time, in a clear reference to China's stalled bid to join the World Trade Organisation (WTO) — which replaced the General Agreement on Tariffs and Trade (GATT) on January 1 — Wu warned that China's continued exclusion would have a negative impact on global trade. "Without the participation of China, any world economic and trade organisation or multilateral mechanism in any form is incomplete."

She also reiterated Beijing's position that China be granted developing nation status in the WTO — a demand firmly rejected by Washington. "Although China has achieved considerable development in foreign trade and economic cooperation, the level of this development is far from being high and is not commensurate with China's standing as a big country with a population of 1.2 billion," Wu said.

Vice Premier Li Lanqing told the conference earlier that China was unwilling to "prejudice its fundamental national interest" in order to join the WTO, but added that the delay in its membership would not derail the country's reform and opening policy.

Questioned about the growing economic disparities between Chinese regions, Wu said the government was taking concrete steps to bridge the gap between the country's developed coastal regions and impoverished interior provinces and to bring about "common prosperity." "The unity of China is not a problem, now or in the future," she said.

Namibian Foreign Minister To Visit

OW1505074795 Beijing XINHUA in English
0729 GMT 15 May 95

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — Theo-Ben Gurirab, foreign minister of the Republic of Namibia, will pay a visit to China from May 17th at the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen.

This was announced by a Chinese Foreign Ministry spokesman here this afternoon.

Expert Assesses Upcoming GATT Talks

*HK1505033495 Hong Kong WEN WEI PO in Chinese
9 May 95 p a5*

[Article by staff reporter Yang Fan (2799 1581): "Major Prerequisite for China's GATT Re-Entry Will Remain Unchanged"]

[FBIS Translated Text]

Dispatch from Beijing, 8 May — The Key Difference Between the Two Sides

Public opinion now anticipates extremely tough unofficial talks in Geneva on 9 May concerning China's GATT re-entry and World Trade Organization [WTO] accession. However, Xue Rongjiu, president of the GATT Research Institute of China's International Business and Economics University, told reporters: It is still possible for the forthcoming unofficial talks to succeed, provided the two sides make reciprocal concessions, thereby paving the way for the more important 20th meeting of the China Panel.

Professor Xue noted: China's GATT re-entry talks have witnessed ups and downs precisely because developed countries have found it hard to recognize and treat China as a developing country when discussing the issue of China's GATT re-entry and WTO accession.

The developed countries headed by the United States held that given China's rapid economic growth, expanding foreign trade, and growing competitiveness, China must return to GATT as a developed rather than a developing country. Xue Rongjiu — a man who has travelled extensively in the country, conducting investigations and research as an economic and trade adviser to the Beijing Municipal Government — said: Insofar as gross national product, total trade volume, and several absolute figures are concerned, China definitely is wealthier than ordinary developing countries. However, after carrying out comprehensive and deep-going investigations, one will discover that China is still a developing country, this being an indisputable fact. Should China return to GATT as a developed country, China's tariffs, now as low as 17 percent, would be lowered further to 3 percent. As a result, China's service trades and farm products would be subject to immediate foreign competition, with the result that China's GATT re-entry, a move aimed at accelerating domestic economic growth, would become meaningless, for things will have gone contrary to our wishes. Moreover, China's economic collapse would benefit no one, neither foreign investment in China nor the global economy at large.

The U.S. Position Has Changed Somewhat

Last June, a number of Western countries put forward a framework document on China's GATT re-entry, mentioning China as a developed country. At the 18th China Panel meeting, convened last September, China made it clear that it would reenter GATT only as a developing country. On the basis of this principle, China later made a package of commitments on such issues as market access, investment, intellectual property rights [IPR], and so on. However, differences still remained. Later on, the United States indicated that it might treat China as a country between developed and developing, in hopes of making China undertake more obligations. At the 19th China Panel meeting, convened last December, the two sides again failed to reach an agreement because they refused to change their basic positions. However, the door to negotiations was still left open. The Chinese representative stated: As long as China's framework package and basic position are accepted, China will still attend the 20th China Panel meeting. The 20th China Panel meeting was originally scheduled for February 1995, but was put off as a result of the Sino-U.S. IPR talks. China and the United States signed an IPR agreement after making concessions to each other. By proceeding from the overall interests of their bilateral relations and of global trade, China and the United States succeeded in averting a trade war in the end. Xue Rongjiu fully affirmed the positive impact the successful Sino-U.S. IPR talks had on China's GATT re-entry talks. He also called attention to the following remarks made by U.S. Trade Negotiator Mickey Kantor after China and the United States had officially signed the IPR protection agreement: The United States will adopt a resolute, flexible, and pragmatic approach in supporting China's GATT re-entry. Professor Xue stated: This shows that the United States has somewhat changed its position that China must return to GATT as a developed country.

Xue said: Given the fact that GATT is to coexist with the WTO for just one year, China must strive to return to GATT this year in order to become a WTO founding member. In his opinion, the 20th China Panel meeting is one of great importance, and in a sense, probably is an important turning point in China's GATT re-entry talks. The upcoming unofficial talks are aimed at paving the way for the 20th China Panel meeting.

The Two Sides Are To Make Reciprocal Concessions

Should the two sides stubbornly adhere to their own positions and refuse to make reciprocal concessions, then it would be meaningless for them to return to the conference table. Now that the two sides have agreed to resume talks, Professor Xue believed they

would change their positions, more or less. What is important, however, is that major signatory powers headed by the United States should take the initiative in making concessions. He expected those countries to raise less strict demands, recognize China as a developing country, and treat China as a developing country in specific provisions. On this basis, China probably will make more commitments with regard to such relatively competitive trades and professions as the light and textile industries; issue fewer export permits, and further slash export quotas; open up more domestic markets; and undertake more obligations in certain areas than other developing countries do at present. The major prerequisite that China should be allowed to return to GATT and to join WTO as a developing country will remain unchanged, however.

The expert was prudently optimistic about China's successful return to GATT this year. He stated: The 20th China Panel meeting probably will be held in May or June, provided the upcoming unofficial talks proceed smoothly. He hoped that the issue of China's GATT re-entry will be resolved at the 20th China Panel meeting.

Pragmatic Approach to WTO Entry Advised

HK1205143295 Beijing ZHONGGUO XINWEN SHE in Chinese 1203 GMT 10 May 95

[FBIS Translated Text] Beijing, 10 May (ZHONGGUO XINWEN SHE)—State Council Vice Premier Li Lanqing said here today: Regarding the talks on China's readmission, upon invitation, to GATT and its entry to the World Trade Organization [WTO], our stand is that while enjoying the rights as a WTO member, we are also ready to fulfill the obligations which a developing country should meet. It is unacceptable to ask an exorbitant price on China's GATT reentry, and everybody should take a pragmatic attitude. He said: China and the WTO are in need of each other, it will be for everybody's good to settle this problem.

Speaking on the fact that some foreign friends do not fully understand the situation of China's economic development, Li Lanqing said: Many foreign friends who come to China are mostly in the developed areas. They have not seen the conditions in undeveloped areas, neither do they notice that a large number of people have not been lifted out of poverty. This is really regretful.

Li Lanqing wished all the other countries could have a more comprehensive understanding of China's conditions.

Li Ruihuan Meets Olympic President Samaranch

OW1405110395 Beijing XINHUA in English 1038 GMT 14 May 95

[FBIS Transcribed Text] Tianjin, May 14 (XINHUA) — Li Ruihuan, Chairman of the National Committee of the Chinese People's Political Consultative Conference, met here Sunday [14 May] afternoon with Juan Antonio Samaranch, President of the International Olympic Committee.

Li, who is also the Honorary Chairman of the organizing committee of the 43rd World Table Tennis Championships here, welcomed the IOC chief to attend the championships closing ceremony Sunday evening.

The assistance offered by the IOC and the International Table Tennis Federation (ITTF) had been a key factor leading to the success of the championships, Li said. He expressed gratitude to the IOC chief on behalf of the Chinese government and Chinese people.

Sports events and competitions are only something temporary while friendship is ever-lasting, Li said. The high-standard performance and sportsmanship displayed by players during the championships will undoubtedly be a big promotion for table tennis and other sports in China, he said.

Two things are needed for hosting a major sports event — "well-planned and well-done preparation and high-standard sporting level of the host country, Samaranch said. The successful hosting of the world table tennis championships here demonstrated again that China is capable of hosting even larger international sporting events, he said.

Also present at the meeting were Wu Shaozu, Minister of the State Sports Commission and President of the Chinese Olympic Committee, He Zhenliang, Member of the IOC Executive Board, Gao Dezhan, Adviser to the Organizing Committee of the World Table Tennis Championships, and Zhang Lichang, Mayor of Tianjin and Chairman of the Organizing Committee.

Resolution on Li Teng-hui Visit Criticized

HK1505060295 Hong Kong WEN WEI PO in Chinese 7 May 95 p a12

[Article by Li Tzu-Cheng (2621 1311 3791): "It Is the United States That Has Meddled in Other Countries' Internal Affairs"]

[FBIS Translated Text] The other day, the U.S. House of Representatives adopted a resolution "urging President Clinton immediately to declare that the United States welcomes a private visit by Republic of China President

Li Teng-hui to his alma mater, Cornell University, and a transit stopover by Li Teng-hui in Anchorage on his way to a joint Sino-U.S. industry and commerce conference." Some U.S. Congressmen even availed themselves of the opportunity to kick up a fuss, saying, "In accordance with U.S. Immigration Law, we have the right to allow anyone into the country, and this is our internal affair." China's opposition to Lee's U.S. visit is "an overstepping act aimed at meddling in U.S. internal affairs, ..."

It is true that the United States has the right to allow anyone in, as provided for by its immigration law, and this is an internal affair, indeed. However, it is also known to all that Mr. Lee Teng-hui is in no sense an ordinary visitor. The House of Representatives' resolution explicitly mentioned Li Teng-hui as "President of the Republic of China," making clear his special identity. Demanding that Li Teng-hui be allowed a U.S. visit is undoubtedly a political issue, and runs counter to the spirit of all the Sino-U.S. joint communiques and to the norms of the international law as well. Since the 1970s, a large number of people with breadth of vision within the U.S. Government and among the U.S. public, as well as countless friendly personages, have done much valuable work aimed at resolving Sino-U.S. differences on the Taiwan question. As a result, a total of three Sino-U.S. joint communiques embodying these people's efforts and contributions have been signed thus far. In all the three Sino-U.S. joint communiques, the U.S. Government recognized the PRC Government in no uncertain terms as China's sole and legitimate government, saying that Taiwan is a part of China. In accordance with this principle, the U.S. Government pledged to maintain only unofficial relations with Taiwan. The U.S. State Department issued a statement on 3 May, saying: Maintaining unofficial relations with Taiwan and developing official relations with the PRC "have been supported by five consecutive U.S. administrations formed by either of the two major parties and have formed the basis of a successful policy framework." It is unlikely that the U.S. Government will allow a visit by Li Teng-hui to the United States, as such a visit would have serious consequences for U.S. foreign policy. A small number of people in the U.S. House of Representatives and Senate are making a fuss and staging a farce by demanding that Li Teng-hui be allowed a U.S. visit. Has their behavior not shown clearly who "has meddled in other countries' internal affairs"?!

Not long ago, Chinese State President Jiang Zemin put forward eight proposals aimed at promoting the reunification of the motherland, and the safeguarding of peace and stability in the existing cross-strait relations. His proposals have found such a loud echo on the island

of Taiwan that more and more people now are joining the ranks of those opposing "Taiwan independence" and supporting reunification. While cross-strait tension was gradually easing, a handful of U.S. politicians started provoking a new incident in a vain bid to create "two Chinas" or "one China, one Taiwan." Their behavior has seriously hurt the Chinese people's feelings. China demands that the U.S. Government strictly adhere to the principle of the three Sino-U.S. joint communiques, maintain only unofficial relations with Taiwan, and refuse to allow Lee Teng-hui to visit the United States in any capacity and in any fashion so as to avoid harming Sino-U.S. relations. Regrettably, the U.S. Government has deliberately left a "tail" in its statement, stating that it is considering allowing a transit stopover by Li Teng-hui. People will wait and see what its next step will be.

Roundup Views Failure of U.S.-Japan Auto Talks

*HK1505064795 Beijing RENMIN RIBAO in Chinese
9 May 95 p 6*

["Roundup" by Yu Peiwei (0060 1014 0251): Why Did U.S.-Japan Talks Break Down?"]

[FBIS Translated Text] The U.S.-Japanese trade talks over cars and car parts ended in failure in Canada on 5 May without reaching an accord. The U.S. side threatened to exercise trade sanctions against Japan, whereas the Japanese side would not show the white flag, and stressed that should the U.S. side exercise sanctions, Japan would present the case to the World Trade Organization for its ruling.

The trouble has been brewing for quite some time. U.S.-Japanese economic frictions have gone on over the past 30 years, and have been a bottleneck in U.S.-Japanese relations. For a long time, bilateral talks have been unfolded at various levels, with new plans surfacing one after another. As of today, some 30 trade accords have been signed in an attempt to remove or ease frictions, but to little effect. Japan's favorable balance of trade remains high; it was \$121.1 billion in 1994, of which the favorable balance of trade with the United States was \$65.7 billion, accounting for more than 50 percent of the entire favorable balance in Japan's trade, and approximately 40 percent of the entire U.S. trade deficit; whereas trade in cars and parts accounted for 60 percent of the U.S. trade deficit with Japan. In April 1993, then Japanese Prime Minister Kiichi Miyazawa and U.S. President Clinton held summit talks, and decided to conduct U.S.-Japan package economic negotiations. In the wake of the 19th G-7 Summit in Tokyo in July that same year, Japan and the United States reached a "framework agreement" that aimed to cut back Japan's

favorable balance of trade with the United States, while being favorable to U.S. products' entering the Japanese market. On 10-12 February 1994, then Japanese Prime Minister Morihiro Hosokawa and President Clinton held a summit in Washington, at which, Hosokawa presented a plan for stimulating economic growth with a sum of \$140 billion to please the U.S. side; however, the meetings failed because each side insisted on its opinion, and because of the Japanese side's holding to the view that the U.S. demands had violated the "principle of free trade."

Last June, the U.S.-Japan talks resumed. In July, the United States unilaterally announced that Japan was set to be the target of sanctions in the realm of government purchases, and that it would implement sanctions against Japan should no agreement be reached by the end of September. The deadline for reaching an accord in talks on such areas as the insurance market, cars and car parts, and sheet glass also was set for the end of September; otherwise those areas would be listed as the targets of sanctions in accordance with the Special 301 Action in the U.S. Trade Law. Despite the fact that quite a few tough factions had surfaced inside Japan which were for fighting the U.S. side through to the end, stating that should the United States exercise sanctions, they would present the case to GATT for justice, Japan and the United States held ministerial talks in Washington last September. Through fierce bargaining, the two sides eventually reached an accord on 1 October in the areas of government purchases, the insurance market, and sheet glass; however, as of today, no unanimity has been reached in the area of cars and car parts.

Reviewing the marathon U.S.-Japan talks, it will not be difficult to see that another factor that led to the breakdown of the recent talks was that U.S. misgivings have grown in the face of Japan's pressing momentum in catching up with and surpassing the United States, and the relative decline in its own strength. In the wake of the end of the Cold War, in particular, the rallying force of Western countries has reduced somewhat; while handling the relations between each other, each of the Western countries is giving greater prominence to its own interests. For a long time, the three pillars — politics, security, and economics — have maintained relations among the Western countries, but now the first two pillars are playing a less important role, and economics have increasingly become the dominant factor determining relations among the Western countries. With tremendous changes taking place in the world situation, the U.S. position in the world has weakened somewhat, and Japan's awareness of being a power is becoming increasingly stronger. Driven by a sense of crisis under such circumstances, the United States gradually has

been losing its patience toward Japan's practice characterized by "sweet words, but no action" in resolving bilateral trade frictions. Hence the U.S. attempts to pressure Japan to make it succumb, with relatively fewer misgivings about possible harm done to bilateral cooperation in politics and security. This reflects a noteworthy change in the connotation of U.S.-Japanese relations which have been sustained for half a century, resulting from the changes in their relative strengths.

In addition, trade talks over cars and car parts have a bearing on the overall situation in U.S.-Japanese trade, and were the most important, most difficult part in the recent U.S.-Japanese trade talks at that. Naturally, both sides would dispute every inch of ground, not yielding an inch of land; neither side would easily concede and do something unfavorable to each principle.

Of course, because the two countries deeply rely on each other economically, and because they share many common interests in politics, security and other areas, there will be no change in the basic situation of bilateral cooperation; their economic relations are not likely to break up totally. From now on, the two countries will continue to seek harmony in their general relationship in competition.

'Analysis' Discusses U.S.-Russian Summit

OW1205131395 Beijing XINHUA in English
1249 GMT 12 May 95

["News Analysis" by Zhang Tiegang]

[FBIS Transcribed Text] Moscow, May 11 (XINHUA) — Although U.S. President Bill Clinton called his talks with Russian leader Boris Yeltsin "a win-win meeting," their sharp differences over Russia's conflict with its breakaway Chechnya were not ironed out.

However, Clinton succeeded in getting Yeltsin's agreement to drop part of its nuclear technology deal with Iran and to enter into NATO's Partnership for Peace program.

At a joint news conference following their talks Wednesday, both leaders said their meeting was a success.

"Every meeting of Russian and U.S. Presidents sparks rumors about contradictions even crises in relations between the two sides. But results of this Moscow talks disproved such a speculation," Yeltsin said.

Yeltsin agreed not to sell Iran a gas centrifuge that can be used for making weapons-grade nuclear material and to delay the sale of two nuclear reactors, which experts estimated would cost Moscow at least 500 million U.S. dollars in export earnings.

The sale of the nuclear reactor itself, however, will proceed as planned, he added.

For it, Clinton said he was "deeply impressed that President Yeltsin told me that he had decided in the interest of non-proliferation not to provide the centrifuge and related equipment to Iran." The concession involved some financial sacrifice on Russia's part, he added.

Separating the "military" part from the "peaceful" part of the Russian-Iranian deal for the first time, Yeltsin said that "As far as the military part is concerned — nuclear fuel, centrifuge — we decided to exclude these questions. That means the military part falls away and only the peaceful part remains."

"What remains is a peaceful atomic power station using light water reactors to generate heat and electricity," Yeltsin stressed.

The two leaders agreed to leave the other part of the deal fully reviewed by a co-chaired commission led by U.S. Vice-President Al Gore and Russian Prime Minister Victor Chernomyrdin.

Meanwhile, the two presidents indicated that some progress was also made on the issue of NATO's future, which has recently caused severe heartburn in the Russian-U.S. Relations. Yeltsin agreed to sign the Partnership for Peace Program, something Russia has previously balked at doing unless it got assurances that NATO would not expand into eastern Europe.

The Czech Republic, Hungary, Poland and Slovakia, all former Soviet allies, are scheduled to become full members of NATO as early as 1996.

While there was no sign of a resolution to the root problem of NATO expansion during the summit, Moscow's decision to join Partnership for Peace may signal a breakthrough, analysts here said.

Although no detailed agreement on NATO has been reached, the two leaders told reporters that they will possibly reach a final agreement in November when they meet again in New York to celebrate the 50th anniversary of the United Nations.

Clinton also stressed that the west alliance needs a "special relationship" with Russia. He promised to offer help to start dialogues between the two sides.

The two leaders also agreed to sign five documents, including an accord on joint efforts to combat terrorism and organized crimes.

However, the meeting, the fourth full-fledged summit between the two leaders, lacked a warm atmosphere of previous encounters. Confrontation between them

could be observed over a variety of issues, especially on Russia's conflict with Chechnya.

In fact, the Chechen conflict was the third thorny issue in this summit. Clinton urged Russia to secure a permanent ceasefire in Chechnya and warned him that Moscow's military actions in Chechnya have troubled the world.

When Clinton voiced his deep concern over the developments in Chechnya, Yeltsin replied, "It is an internal matter for Russia."

Yet Clinton said some differences between them were inevitable and the interests of the two countries are still closely linked in key areas of international affairs such as disarmament.

"I think we should be quite careful in using the language of threats in a relationship that in the last two years has made the world a much safer place," he said, adding "Our people will be safer as a result of this meeting."

"There will remain differences. The most important thing is we're trying to resolve these problems and maintain a balance," Yeltsin also commented.

The summit was originally scheduled for one hour but it actually lasted more than four hours. Clinton left here today with less differences and more harmony with Moscow. He got more than he had expected, Clinton was quoted as saying.

Analysis of U.S. Sanctions Against Iran

HK1305082095 Beijing RENMIN RIBAO in Chinese
5 May 95 p 6

["News Analysis" by He Gang (0149 0474): "Why Are U.S. Sanctions Against Iran Coldly Treated?"]

[FBIS Translated Text] On 30 April, U.S. President Clinton announced that the United States would sever all investment and trade relations with Iran, and would strictly ban U.S. oil companies and their branches overseas from making any oil deals with Iran. He criticized Iran for supporting international terrorism, sabotaging the Middle East peace process, and seeking to develop weapons of mass destruction. U.S. Secretary of State Christopher censured Iran for being the chief nuclear-proliferation danger, and asserted that the United States would adopt "diplomatic and economic measures, as well as military deference to contain Iran." At the same time, he called on other countries to take the same action.

Nevertheless, the majority of Western countries have reacted indifferently to the U.S. appeal. Although the 15 EC countries have been on their guard against Iran, they are for maintaining contacts with it, and have said that

they are not ready to follow the U.S. example. In particular, the British and German Governments explicitly refused to sanction Iran together with the United States. French Foreign Minister Juppe expressed misgivings about the U.S. sanctions against Iran. Likewise, Australia refused to implement economic sanctions against Iran together with the United States. Japan took a cautious attitude, and promised only to put off the decision on providing loans to Iran. To lobby Middle Eastern countries to join hands with the United States in sanctioning Iran, U.S. UN Ambassador Albright is visiting the region at the moment. As of today, only Israel had explicitly supported the U.S. "double containment" against Iraq and Iran.

Why have the U.S. sanctions against Iran been treated coldly? What are the causes?

Mainly because some countries are unwilling to support the United States at the expense of their own economic interests. The EC has all along regarded Iran as a strategic, oil-producing power, and a large potential market in the Gulf area at that. Germany, Japan, Italy, and Britain are Iran's four major trading partners. British-Iranian trade volume in 1994 was approximately \$675 million. Australia's favorable balance of trade with Iran has continued to rise in recent years; last year, its export volume to Iran was \$390 million, and its imports from Iran were only \$5.1 million, so its favorable balance of trade with Iran was approximately \$340 million. The economic loss would be great should these countries support U.S. sanctions against Iran.

In addition, to various degrees, many countries do not agree with the grounds of the current U.S. sanctions against Iran. Britain believes that U.S. sanctions against Iran are not fully grounded. Iran repeatedly has refused U.S. censure, and has flatly denied that it has ever supported international terrorist activities. The United States has continued to propagate that Iran is trying to purchase materials capable of producing nuclear weapons, while censuring Iran for sabotaging the peace progress in the Middle East, helping Islamic extremists, and so forth. However, it has failed to present any iron-clad evidence.

In addition, Western allies worry that sanctions against Iran will lead to rocketing oil prices. Iran turns out 3.6 million barrels of crude oil each day, of which 2.6 million barrels are marketed to the United States, Japan, and the ROK; U.S. companies used to purchase 800,000-1 million barrels. The United States asserted that the current sanctions would not affect oil prices; but on the very next day after the U.S. announcement of sanctions, British Brent crude oil shot up by 30 cents

per barrel, a record high over the past two years or so. Prices for OPEC crude oil also rose by 24 cents.

Some people believe that sanctions against Iran are likely to increase the unstable factors in the Gulf area, and EC member-countries are unwilling to get involved. Iranian President Hashemi-Rafsanjani stated on 2 May that the U.S. embargo against Iran is doomed to failure, and that Iran would never succumb to U.S. pressure. The commander in chief of Iran's Revolutionary Guard even asserted that military confrontation with the United States was inevitable because "evidence shows that the United States is making preparations to launch an all-out war against Iran."

Viewing the present conditions, only few countries have announced support for the U.S. sanctions against Iran. However, the United States is continuing its efforts to win over its Western allies to sanction Iran together. At the G-7 Summit to be held in June, the United States is to lobby Germany and France again to jointly restrict trade with Iran. Some analysts hold that the United States will sanction Iran at the cost of the interests of some domestic enterprises, and that its chief cause is to further pressure Russia, urging it to cancel its deal to sell a nuclear reactor to Iran. Such being the case, this issue doubtless will be one of the major topics on the agenda at the meeting of the U.S. and Russian Presidents.

UN Envoy Concerned Over PLO, Israel Issue

OW1305065795 Beijing XINHUA in English
0442 GMT 13 May 95

[FBIS Transcribed Text] United Nations, May 12 (XINHUA) — China is deeply concerned over the contradiction between the PLO and Israel on the issue of Jerusalem. Chinese Ambassador Wang Xuexian told the Security Council today.

Speaking at a meeting on the Middle East situation, Wang said the issue of Jerusalem should be treated with prudence as it involves the religious faith as well as the fundamental interests of all nations in the region.

He said the recent move by Israel to expropriate land in the Jerusalem area contravenes the spirit of the relevant UN Resolutions and the agreement between the two sides, and is detrimental to the Middle East peace process.

"Pending a final proper solution, neither side should take any unilateral action that might change the status of Jerusalem or lead to the aggravation of the situation thereof, lest the Middle East peace process be adversely affected," he said.

Envoy's UN Meeting Comments Noted

OW1305005995 Beijing XINHUA in English
2359 GMT 12 May 95

[FBIS Transcribed Text] United Nations, May 12 (XINHUA) — The Security Council of the United Nations on Friday [12 May] retained the sanctions it imposed on Iraq when Iraqi troops invaded Kuwait in August 1990.

The decision was made in the Council's 60-day regular review of the sanctions. This was the 25th review conducted so far.

During their informal consultations, Security Council members did not reach agreement that the necessary conditions existed for a modification of the sanction regimes.

Speaking at the consultations, U.S. Ambassador Madeleine Albright said "Iraq's failure to meet its obligations under the relevant Security Council resolutions leaves the Council with no choice but to keep sanctions in place."

She accused Iraq of not fully disclosing its biological and chemical weapons programs, not fulfilling its obligations in returning Kuwaiti property, and continuing its internal embargo against Northern Iraq and its repression of the Shia and destruction of their habitat in the south.

British Ambassador David Hannay said the review was not encouraging in the weapons area and declarations on biological weapons are not credible.

Stressing that Iraq must cooperate with UN in implementing relevant Security Council resolutions, Chinese Ambassador Wang Xuexian said the Council should make objective appraisals of Iraq's implementation, and ease and lift the sanctions as soon as possible so as to alleviate the sufferings of the Iraqi people.

United States & Canada**Minister Gu Xiulian Meets Canadian Official**

OW1305083595 Beijing XINHUA Domestic Service
in Chinese 0802 GMT 10 May 95

[FBIS Translated Text] Ottawa, 9 May (XINHUA) — Sheila Copps, deputy prime minister and minister of environment, told visiting Chinese Minister of Chemical Industry Gu Xiulian here today that Canada is willing to strengthen cooperation with China in the economic and technological fields.

Copps warmly welcomed Gu Xiulian. She said Gu Xiulian was the first Chinese minister to visit Canada since the visit to China by Canadian Prime Minister Chretien last year. She said Gu's visit was of great importance

to promoting the implementation of agreements reached between the two countries.

Gu Xiulian arrived in Canada on 9 May after concluding her visit to the United States.

Northeast Asia**Jilin Vice Governor Meets DPRK Delegation**

SK1505032495 Changchun JILIN RIBAO in Chinese
5 Apr 95 p 1

[FBIS Translated Text] At the Hunchun Guesthouse on the afternoon of 3 April, Vice Governor Liu Xilin met with Paek Hwa-yong, chairman of the Korea Najin-Sonbong Economic Free Trade Zone and chairman of the Najin-Sonbong Municipal Administration and Economic Committee, and his party who were conducting a goodwill visit to Hunchun.

During the meeting, Liu Xilin informed the Korean guests of the Jilin high-ranking delegation's visiting and holding talks with the Maritime Krai of Russia and introduced them to the progress in the development and construction of areas in the lower reaches of Tumen Jiang and Hunchun. Both sides extensively exchanged views on issues of common interest. They unanimously pledged to strengthen exchanges, support each other, and improve cooperation to achieve common development.

Han Guoyu, deputy director of the provincial foreign affairs office; Xu Chuanxiu, deputy head of the Yanbian Autonomous Prefecture; and other pertinent comrades were present at the meeting.

DPRK Protocol Signed on Sci-Tech Cooperation

OW1405105795 Beijing XINHUA Domestic Service
in Chinese 1312 GMT 13 May 95

[By reporter Zhu Kechuan (2612 0344 1557)]

[FBIS Translated Text] Pyongyang, 13 May (XINHUA) — The 34th meeting of the Scientific and Technological Cooperation Commission between the Chinese and Korean [DPRK] Governments ended in Pyongyang on 12 May.

During the four-day meeting, the two sides held negotiations on scientific and technological exchanges and cooperation in agriculture, chemical industry, construction, and environmental protection. They signed the meeting's protocol on 12 May. Han Deqian, China's State Science and Technology Commission vice minister, and Kim Ung-ho, Korea's State Science and Technology Commission vice chairman, signed the protocol on behalf of their respective governments.

Hong Song-nam, Korea's State Administration Council vice premier, and Qiao Zonghuai, Chinese ambassador to Korea, attended the signing ceremony.

Further on Visit by ROK Premier

Visits Refugee Government Building

SK1405112995 Seoul YONHAP in English
0855 GMT 14 May 95

[FBIS Transcribed Text] Shanghai, May 14 (YONHAP) — Prime Minister Yi Hong-ku Sunday visited the refugee government building of the country during the Japanese colonial rule of the Korean peninsula to ask Chinese authorities to take good care of the building.

Premier Yi, on his sixth-day tour of China, also made a visit to a pavilion to commemorate Yun Pong-kil, a freedom fighter during the Japanese colonial rule who bombed to death Japanese military leaders, in a park here.

"I was deeply moved to visit the place which bear our ancestors' aspirations after Korea and China, during my visit here, agreed to conclude the past century of hardship and join forces to open a bright 21st century on the occasion of the 50th anniversary of the country's liberation from the Japanese colonial rule," said the prime minister.

The Chinese city of Shanghai has a lot of relics reminiscent of the Japanese colonial rule of the Korean peninsula as many Korean freedom fighters used the city as a foothold for their activities for the country's liberation.

Meets Shanghai Mayor Xu

OW1405140695 Beijing XINHUA in English
1345 GMT 14 May 95

[FBIS Transcribed Text] Shanghai, May 14 (XINHUA) — Visiting Prime Minister of the Republic of Korea (ROK) Yi Hong-ku said here today that with more ROK entrepreneurs coming to invest in Shanghai within the next two or three years, corporation between ROK and Shanghai will be cemented.

He said this during a meeting with Shanghai Mayor Xu Kuangdi this evening.

The ROK prime minister arrived here this afternoon after a two-day tour of Xian, capital city of northwest China's Shaanxi Province.

During his stay in Xian, Lee met with Xu Shanlin, deputy governor of the province, and visited sites of historic interest.

Concludes Trip

OW1505093295 Beijing XINHUA in English
0847 GMT 15 May 95

[FBIS Transcribed Text] Shanghai, May 15 (XINHUA) — Yi Hong-ku, prime minister of the Republic of Korea (ROK), left here for home today after concluding his China trip.

Shi Wanpeng, vice-minister in charge of the State Economic and Trade Commission and chairman of the Chinese government reception committee, as well as Sha Lin, vice mayor of Shanghai, saw the ROK prime minister and his party off at the airport.

Yi came to China for an official visit on May 9th at the invitation of the Chinese Premier Li Peng.

This morning, the prime minister visited in Shanghai an export-oriented processing zone in the new district of Pudong, the Oriental Television Tower and Nanpu Bridge.

Southeast Asia & Pacific

NPC Vice Chairman Wang Meets Lao Visitors

OW1005114895 Beijing XINHUA in English
1015 GMT 10 May 95

[FBIS Transcribed Text] Beijing, May 10 (XINHUA) — Vice Chairman Wang Hanbin of the Standing Committee of the Chinese National People's Congress (NPC) met with Saman Vi-gnaket, president of the National Assembly of Laos, and his party here today.

The two sides exchanged views on Sino-Lao relations and other issues of common interest.

The Lao visitors arrived in China May 4 for an eight-day official goodwill visit as guests of the NPC Standing Committee.

Wu Yi Meets Philippine Trade Minister

OW1305141795 Beijing XINHUA in English
1336 GMT 13 May 95

[FBIS Transcribed Text] Beijing, May 13 (XINHUA) — Chinese foreign trade minister Wu Yi met here this afternoon with Rizalino Navarro, secretary of Trade and Industry of the Philippines.

During the meeting, Navarro, who is here attending a conference of the Asia Society, told Wu that the Philippine government had decided to remove China from the namelist of the centrally planned economies.

In the Philippines, any one who wants to import from a country on the list of the centrally planned

economies should present a list of equally-valued export to the country. Moreover, it needs approval from the Philippine International Trade Corporation.

Wu said that the recent decision made by the Philippine government is not only in line with China's present conditions, but also beneficial to bilateral trade growth, and therefore, is wise and right.

In the afternoon, the Chinese trade minister also met with Makhdum Shahabuddin, minister of State for Finance of Pakistan, and Peter Cook, Australian minister for Industry, Science and Technology, respectively.

Both Shahabuddin and Cook are here attending the Asia Society's conference, which opened here Friday.

Philippine President Meets Envoy Guan Dengming

*OW1505114295 Beijing XINHUA in English
1019 GMT 15 May 95*

[FBIS Transcribed Text] Manila, May 15 (XINHUA) — President Fidel Ramos today said that this year marks the 20th anniversary of the establishment of diplomatic relations between the Philippines and China and he hoped that the two countries will further develop their ties.

Ramos made these remarks at a meeting with the new Chinese ambassador to the Philippines, Guan Dengming, soon after Guan presented his credentials.

Ambassador Guan Dengming stated clearly the Chinese government's position on the issue of the Nansha Islands [Spratlys].

Both Ramos and Guan expressed the hope that the existing problems and differences between the two countries will be solved through peaceful consultations.

Reportage on Singaporean Prime Minister Visit

Meets With Li Peng

*OW1105161995 Beijing XINHUA in English
1529 GMT 11 May 95*

[FBIS Transcribed Text] Beijing, May 11 (XINHUA) — Chinese Premier Li Peng, meeting with Singaporean Prime Minister Goh Chok Tong, said today that this country encourages foreign businessmen to invest more in its infrastructure, such as the energy and chemical industries, communications, and transport.

"China will not change its open policy," Li reassured Goh, who arrived here this afternoon for a ten-day working visit as Li's guest.

On China's domestic situation, Li said that the country will try its best to help the economy of the hinterland

develop, while maintaining commitment to the special economic zones.

"We encourage foreign businessmen, including those from Singapore, to invest in our infrastructure, particularly the energy and chemical industries, communications, and transport," Li said.

He also pointed to Singapore's expertise in industrial technology and management, saying that this country welcomes Singaporean businesspeople to explore investment and cooperation opportunities with Chinese businesspeople, Chinese Foreign Ministry sources said.

Goh told Li that over 70 Singaporean businessmen came with him on the visit, and they intend to seek investment possibilities in China's hinterland.

Singapore's economic and trade co-operation with China is not confined to short-term interests, but operates on the basis of long-term considerations, Goh said, adding that it is his hope that bilateral contacts will bring benefits to both sides.

China and Singapore established diplomatic relations five years ago. At the meeting in the Diaoyutai State Guesthouse this afternoon, Li described the growth of bilateral ties as having been "very fast", and co-operation "outstanding" in the economy and in trade.

Goh's current visit will help increase friendly relations between the two countries, the Chinese premier said.

Meets With Zhu Rongji

*OW1205075195 Beijing XINHUA in English
0719 GMT 12 May 95*

[FBIS Transcribed Text] Beijing, May 12 (XINHUA) — Chinese Vice Premier Zhu Rongji met with Singaporean Prime Minister Goh Chok Tong at the Diaoyutai State Guesthouse here this morning.

In a cordial and friendly atmosphere, the two sides exchanged in-depth views on bilateral economic and trade cooperation, and other issues of common interest.

Goh is here on a ten-day working visit at the invitation of his Chinese counterpart Li Peng.

Further on Zhu Rongji Meeting

*BK1205114295 Singapore Radio Corporation of
Singapore in English 1000 GMT 12 May 95*

[FBIS Transcribed Text] China has told Singapore it is happy with the progress made toward convening the first Asia-Europe meeting. Chinese Vice Premier Zhu Rongji said this during a meeting with Prime Minister Goh Chok Tong in Beijing today. Mr. Goh briefed Mr. Zhu on the progress of the Asia-Europe meeting since

they last met in Davos, Switzerland, five months ago. The idea of the meeting was raised by Prime Minister Goh late last year during a visit to France. It is likely to take place early next year.

Mr. Goh and Mr. Zhu also discussed China's entry into the World Trade Organization [WTO] and Asia-Pacific Economic Cooperation [APEC]. The prime minister also met National People's Congress [NPC] Chairman Qiao Shi today.

Meets Qiao Shi

OW1205133795 Beijing XINHUA in English
1325 GMT 12 May 95

[FBIS Transcribed Text] Beijing, May 12 (XINHUA) — Qiao Shi, chairman of the Standing Committee of the Chinese National People's Congress (NPC), said today that the mutually beneficial cooperation between China and Singapore has great prospects of development.

Qiao, meeting with Singaporean Prime Minister Goh Chok Tong at the Great Hall of the People here this afternoon, noted the "considerable progress" of bilateral relations since the two countries forged diplomatic ties five years ago.

He also pointed to the "frequent" contacts between the two countries' leaders, the "effective" cooperation in the economic and trade field, as well as the "active" interchanges in the spheres of science and technology and culture.

"We are pleased to note that the contacts between the two parliaments have been on the rise, and the cooperation and contacts are increasingly enhanced," Qiao told Goh, who is on a ten-day working visit here as Chinese Premier Li Peng's guest.

"China and Singapore enjoy wide prospects of the mutually beneficial cooperation" on the basis of the five principles of peaceful co-existence, Qiao predicted.

For his part, Goh said his government also notes with satisfaction the ever closer relations between Singapore and China, and especially the rapid increase of Singaporean investment in China. There exists no problem in the bilateral relations, Goh added.

He told Qiao that his current visit is designed mainly to seek new cooperative opportunities in China's hinterland.

During the meeting, Goh said Singapore holds that the South China Sea dispute should be settled through peaceful means, and that the issue of its resources development be resolved through bilateral negotiations and joint development, according to Chinese Foreign Ministry sources.

Like Singapore, China needs a long-term, peaceful and stable international environment, Qiao said, adding "we stand for proper settlement of country-to-country disputes through negotiations in a peaceful and reliable way."

The disputes will become easy to solve once all the parties involved take a sober mind, and the good-neighborly relations should not be affected by the existing disputes, the NPC leader noted.

China is willing to make unremitting efforts, together with Singapore and other members of the Association of Southeast Asian Nations, for the peace, stability and prosperity of the region, Qiao stressed.

Spratlys 'Point of Concern'

BK1305130295 Singapore THE STRAITS TIMES
in English 12 May 95 p 1

[Report by Bertha Henson in Beijing]

[FBIS Transcribed Text] The dispute over the Spratlys involves more than the question of sovereignty or which country should benefit from their resources, said Prime Minister Goh Chok Tong yesterday.

It also involves the right of nations to navigate the waters surrounding the group of islands in the South China Sea, a point of concern to trading nations, including Singapore.

Mr. Goh said this to his Chinese counterpart Li Peng in a 45-minute meeting held a little more than three hours after he arrived here yesterday.

He told Mr. Li that he would give a candid view on the dispute, given that Singapore was not a claimant to the islands, said a Singapore delegation spokesman speaking to reporters after the bilateral talks.

Besides China, the Spratlys are also claimed wholly or in part by Malaysia, the Philippines, Brunei, Taiwan, and Vietnam.

According to the Convention on the Law of the Sea, coastal nations can claim a 12 nautical mile territorial sea. They can also claim a 200 nautical mile exclusive economic zone.

At the same time, the convention also protects the interests of other states by preserving their right to safe passage on routes used for international navigation or international aviation.

The spokesman said that the two leaders, who last met here in February last year, also discussed the Asia-Europe Meeting [AEM] scheduled to be held in Bangkok next March.

Mr. Goh brought Mr. Li up to date on developments relating to the meeting, following the conclusion of the ASEAN-European Union senior officials conference in Singapore last week.

Participants to the AEM, as agreed upon at the Singapore meeting, will comprise the ASEAN nations, Japan, China, South Korea, and the 15 EU countries.

Besides discussing the matter of participation, the two leaders also touched on possible issues that could be raised at the first AEM, added the spokesman.

Mr. Goh first floated the idea of a "dialogue at the highest level" between Europe and Asia while in France in October. He described it as a way to complete the triangular relationship linking North America, Europe, and Asia — the three major economic centres in the next century.

After the meeting, which lasted 15 minutes longer than scheduled, Mr. Li hosted Mr. Goh and the Singapore delegation to dinner at Diaoyutai, China's state guest-house.

This is Mr. Goh's third trip to China as prime minister. He arrived at 3 pm to sunny weather in Beijing, where he was met at the airport by Mr. Yang Changji, executive vice minister of the State Economic and Trade Commission, and Mr. Cheng Tong Fatt, Singapore's ambassador to China.

Today, the prime minister will meet Mr. Qiao Shi, chairman of the National People's Congress, and Vice Premier Zhu Rongji.

Later in the evening, he joins other politicians as well as business leaders for the opening reception of the Asia Society Conference, which will discuss economic relations between China and its neighbours.

Besides Mr. Goh, other leaders who will deliver keynote speeches over the weekend include South Korean Prime Minister Yi Hong-ku, who arrived here on Tuesday, and Thailand's deputy prime minister, Supachai Phanitchapak.

The Singapore delegation, which includes Communications Minister Mah Bow Tan, will meet their counterparts in the Chinese telecommunications and postal and communications ministries today.

Also in the delegation are Acting Community Development Minister Abdullah Tarmugi and MPs Teo Chong Tee and Wang Kai Yuen.

Mr. Goh's working visit will take him beyond Beijing to the inland provinces of Sichuan and Hubei, where he will be joined by a team of 72 businessmen.

Concerned Over PRC Ambitions

HK1305045995 Hong Kong AFP in English
0432 GMT 13 May 95

[FBIS Transcribed Text] Beijing, May 13 (AFP) — China's growing economic and military power is a source of considerable anxiety to its Asian neighbours, Singapore Premier Goh Chok Tong said here Saturday, urging greater transparency from Beijing.

"The uneasiness with China goes deep," Goh said in a speech to a regional economic conference, in which he highlighted concerns over tensions in the South China Sea and its vital sea lanes. "It is important to bring into the open this underlying sense of discomfort, even insecurity, about the political and military ambitions of China," said Goh, who arrived here Thursday for an 11-day visit at the head of a large business delegation.

However, Goh stressed that it was not "preordained" that China's military power would turn into a concrete threat and warned of the dangers of international paranoia about China's growing clout. "The more the world sees China as a threat and takes action to block its economic progress, the more likely will that fear be realised."

At the same time, the prime minister called on Beijing to demonstrate clearly that it intends to be a responsible member of the international community. That responsibility also extends to the economic sphere, Goh said, urging the Chinese government to improve the enforcement of commercial legislation — especially in the area of copyright protection — so as to encourage foreign investment. "China needs to toughen its act in enforcing the rule of law in the business environment," Goh said, adding that the allure of the Chinese market was being tarnished by methods of doing business here. "Foreign businessmen complain about the lack of transparency in the way rules are made and applied, poor accounting methods obscure true profits and losses, and when things go wrong recourse to the legal system is limited."

At the same time, Goh called for recognition of the enormous problems facing such vast and populous country as it moves towards a market economy, and urged international support for China's bid to join the World Trade Organisation (WTO). WTO membership "will commit China to observing and enforcing international rules on trade," the prime minister said, stressing the negative impact of using sanctions to bring Beijing into line with the international community in political as well as economic fields. "Ultimately, economic progress can produce the desired changes in China better than threats and sanctions."

The three-day economic conference, organised by the Asia Society and entitled "China and its Neighbours"

Economic Relations in a Region of Rapid Growth," opened on Friday. South Korean Prime Minister Yi Hong-ku also gave a speech at the forum.

Discourages Isolation of PRC

BK1305102195 *Singapore Radio Corporation of Singapore in English 1000 GMT 13 May 95*

[FBIS Transcribed Text] Prime Minister Goh Chok Tong has stressed the world should integrate, not isolate China. Delivering a keynote address to the Asia Society Conference in Beijing, Mr. Goh said China should be given time and space to initiate a change and to accept its international responsibility. This in turn will enable other countries to tap China's enormous potential.

Mr. Goh noted that one way to integrate China is to help it join the World Trade Organization. This will commit China to observing and enforcing its national rules on trade. It will also help open up China's market.

The prime minister added China, too, has a part to play. It must demonstrate that it intends to be a responsible member of the international community. China can do this by further opening up its market to foreign exports and investments as well as tightening its laws to protect investors.

Arrives in Sichuan

OW1305143695 *Beijing XINHUA in English 1409 GMT 13 May 95*

[FBIS Transcribed Text] Chengdu, May 13 (XINHUA) — Singaporean Prime Minister Goh Chok Tong arrived in Chengdu, capital city of southwest China's Sichuan Province, this evening, on his second leg of his 11-day China trip.

Xiao Yang, governor of Sichuan Province, greeted the Singaporean prime minister and his party at the airport.

Goh's entourage includes 75 businessmen and they will exchange views with their partners in Sichuan on trade and economic cooperation between Singapore and the province.

Further on Visit to Sichuan

OW1405153195 *Beijing XINHUA in English 1517 GMT 14 May 95*

[FBIS Transcribed Text] Chengdu, May 14 (XINHUA) — Visiting Singaporean Prime Minister Goh Chok Tong said here today that his country would like to make contribution to the development of China's Sichuan Province.

He said this after being briefed on Sichuan and Chengdu, capital of the province in southwest China.

He added that business circles of Singapore are very interested in developing co-operation with Sichuan and China in general.

Xiao Yang, governor of the province, said that he was convinced that a combination of Singapore's experience and technology with Sichuan's market and natural and labor resources would promote Sichuan's development, which would benefit both sides.

It was learned that Singapore is the fourth largest overseas investor in Sichuan.

In the evening, three agreements were signed on co-operation between Singapore and Sichuan.

In the afternoon, Goh toured sites of historic interest and a local industrial zone built with Singaporean investment.

Thailand Criticizes Inactivity on Mekong Issue

BK1505032395 *Bangkok BANGKOK POST in English 15 May 95 p 6*

[FBIS Transcribed Text] Beijing — Deputy Prime Minister Suphachai Phanitchaphak yesterday surprisingly criticized China for its inactivity in accelerating sub-regional economic cooperation.

Mr. Suphachai said he had never seen Chinese ministers participating in ministerial-level meetings of the Greater Mekong Sub-regional Cooperation group or similar schemes.

That was "a bit perplexing" because Beijing had supported the idea.

"Although all participation nations always send their representatives at the ministerial level so that sometimes certain clear-cut decisions can be made, China has up till now not done so," he contended.

The deputy prime minister made the remark in a keynote speech to the international conference on "China and its neighbors: Economic Relations in a Region of Rapid Growth."

His "well wishing" and "straight forward opinions," as he called it, were rare among speakers attending the convention organized by the Asia Society and Dow Jones and Company, Inc., and caused a surprise among participants.

Mr. Suphachai oversees sub-regional cooperation plans for the Government, including the Greater Mekong Sub-regional Cooperation which encompasses Thailand, China, Burma, Laos, Cambodia, and Vietnam.

The first four countries are under the Quadrangle Economic Cooperation.

The deputy prime minister said the participation of Chinese ministers could enhance Beijing's role in the region and speed up the pace of the plans aimed at creating links between China and Southeast Asian nations with trade and investment potential.

Unlike sub-regional plans China had demonstrated "co-operative spirit" in joining talks with economic ministers of the Association of Southeast Asian Nations, he said.

Mr. Suphachai also urged China to put in place trade and investment regulations in the provincial level to lure more Thai and other foreign investors to venture in other parts of the country.

"At the provincial level, understandably, several regulatory requirements still have to be met and some alternations are made at rather frequent intervals," he addressed.

He suggested China use private-initiated approaches to stimulate economic cooperation with neighboring countries.

Thailand's investment in China accounted for \$65 million last year, increasing almost 50 percent from that in 1993.

The projects include petrochemical, animal feeding industry and commercial, residential, and real estate.

Development of an industrial estate of appropriate size in major provinces is a business opportunity for Thai entrepreneurs, and an economic linkage between Bangkok and Shanghai or other Chinese cities should be formed, he added.

The deputy prime minister expressed concern about attempts of Asian nations to modernize their armed forces which could bring about instability in the region and make the economic growth stumble.

China's role in ensuring security for regional cooperation was crucial and proposed talks on defense and modernization in the upcoming ASEAN Regional Forum to be held in July in Brunei, he said.

Meanwhile, Chinese Vice Prime Minister and Foreign Minister Qian Qichen assured in his speech that peaceful and stable situations in Asia are crucial for Beijing to undertake economic development.

China will not threaten or invade other countries, he said in a remark apparently to dispel a doubt on whether China will jeopardize other states after the economic reform is accomplished.

Unsettled problems for China include its firm stance on the future of Taiwan and latest confrontation between China and the Philippines in part of the Spratly Islands in the South China Sea which has caused concern and

suspicious concerning China's military ambitions in the region.

Australian Science Minister Cook To Visit China

*OW1105135395 Beijing XINHUA in English
1334 GMT 11 May 95*

[FBIS Transcribed Text] Canberra, May 11 (XINHUA) — Australian Minister for Industry, Science and Technology Peter Cook is to visit China this weekend.

Cook will attend the Asia Society Conference to be held in Beijing from May 12 to 14.

He will give a keynote speech at the conference, titled "China and its neighbors — economic relations in a region of rapid growth."

During his visit in Beijing, he will call on Vice Premier Wu Bangguo, Wu Yi, Chinese Minister of Foreign Trade and Economic Cooperation, and Hui Yongzhen, a professor of the State Science and Technology Commission.

He will discuss with the hosts on the planning for the October Science and Technology Ministers' meeting of the Asia-Pacific Economic Cooperation (APEC) to be held in Beijing.

The meeting is initiated by China and Australia this year.

He will also meet with leaders of Asian countries in Beijing, including Singapore Prime Minister Goh Chok Tong, Deputy Prime Minister of Thailand Suphachai and Philippines Minister for Trade and Industry Navarro. He will discuss with them on Australia's approach to the APEC leaders meeting in Osaka in November.

He will also visit Hong Kong to meet local senior business people before returning home on May 17.

Meets Zou Jiahua

*OW1305143295 Beijing XINHUA in English
1406 GMT 13 May 95*

[FBIS Transcribed Text] Beijing, May 13 (XINHUA) — Chinese Vice-Premier Zou Jiahua met here today with visiting Australian Minister for Industry, Science and Technology Peter Cook.

Zou said that recently Sino-Australian relations have witnessed good development with increasing bilateral high-level exchanges and the remarkable results in bilateral economic and trade co-operation.

He continued that last year, the two-way trade rose by a large margin and China imported a large amount of

Australian products for the development of its national economy. He promised that China will further expand its imports from Australia.

Such development illustrated the high complementarity of the two economies and the vast potential for bilateral trade, noted Zou.

He said that China and Australia enjoy a good cooperative basis in the field of wool, iron and steel, and it is a common task for businessmen of the two sides to further expand co-operation spheres to include high-technology.

Zou expressed his hope that further efforts from both sides will bring about more results in their co-operation.

Noting that this year is his "China year", Cook said he will visit China three times this year and his current visit here is the first one.

He went on to say that in July, he is to lead a telecommunications delegation to China, and in October, he is scheduled to attend the APEC meeting of science and technology ministers.

He said that Australian government and businessmen pay much attention to China's development and attach importance to their co-operation with China in various economic fields.

Cook said he is concentrating himself on turning scientific research results into industrial products, hoping that exchanges with China in this regard are to be strengthened.

Cook and his party are here to attend the on-going Annual Conference of the US Asia Society here in Beijing, and they are scheduled to leave here for home on May 15.

Near East & South Asia

Li Lanqing Interviewed on Ties With Egypt

NC1205131495 Cairo MENA in Arabic
1120 GMT 12 May 95

[FBIS Translated Excerpt] Beijing, 12 May (MENA)—PRC State Council Vice Premier Li Lanqing has expressed his deep appreciation for the role President Husni Mubarak and the Egyptian people are playing to advance the peace process in the Middle East so that peace and stability may prevail in this important region. He stressed that the PRC and Egypt are linked by good and firm relations and that both countries play an important role in international affairs. He noted that both have ancient civilizations and hold close and common views. He said: We in the PRC are very happy with this friendly relationship. I had the opportunity to

visit Egypt and its civilization impressed me deeply. I was also impressed by the speedy economic development in Egypt. This came during a meeting between the PRC official and a delegation of Egyptian chief editors, currently visiting the PRC, led by Ibrahim Nafi', the journalists doyen and chairman of the AL-AHRAM board of directors, and members Mustafa Najib, chairman of the board of directors and chief editor of the Middle East News Agency, and Mahfuz al-Ansari, AL-JUMHURIYAH's chief editor.

Li stressed that the PRC will continue its efforts to establish comprehensive peace in the Middle East. He praised the efforts Egypt and President Mubarak are making to advance these efforts. He welcomed the establishment of a free industrial zone in Egypt.

On the Nuclear Nonproliferation Treaty [NPT], Li stressed that his country is a member of the NPT and that its goal is a total ban on nuclear proliferation and the destruction of existing nuclear weapons. He noted that his country has declared that it will not initiate the use of nuclear weapons against any other country.

Regarding the alleged tension in China's southern sea, as reported by the Western press, Li denied hearing of tension there and stressed that the islands of China's southern sea are an indivisible part of the PRC. [repetitive passage omitted]

Nafi' said: President Mubarak asked me to convey to the PRC leadership his deep appreciation of the PRC's strong and fair stance on Arab rights and of bilateral relations on the leadership and popular levels. He said the leadership and people in Egypt appreciate the PRC's stance on particular issues, noting that our stances are almost identical on these issues.

Asked about promoting Egyptian-PRC ties, Li said there are indeed old and friendly bilateral ties and that these relations are not only on the leadership level, but also on the popular level. He said bilateral ties can be strengthened along with trade, economic, and political ties. He pointed out that we can also coordinate our stances on important international issues so that we can offer effective international contributions. He said: I would like to express my great admiration for the efforts of the Egyptian people and leadership led by President Mubarak to advance the peace process in the Middle East. I express my thanks and appreciation to President Mubarak personally for his effort in this area. I convey to President Mubarak greetings and appreciation from the PRC people for his noble stance on peace.

Regarding the Egyptian-Chinese economic cooperation agreement, Li said the Chinese Government has always encouraged bilateral trade. There are good prospects

for developing this cooperation. We are prepared to participate in establishing an economic zone in Egypt to increase cooperation. We also encourage Egyptian and Chinese businessmen to exchange visits and develop cooperation.

The Chinese official noted that the level of economic relations is not satisfactory. Perhaps this is due to a lack of information each side has on the other. We need momentum to increase cooperation.

Li also stressed the need to increase bilateral trade. This requires joint trade zones in Egypt and China. We import from Egypt cotton and other commodities but that is not enough. So each side must know more about the other to increase trade. The best thing is to establish a permanent organization or committee in Egypt and China to undertake this process.

Li said China has adopted three development plans. The first plan—from the end of the seventies to the end of eighties—aimed to double the national product. This was achieved. The second plan—from the beginning to the end of the nineties—also aims to double national income. We are certain that this goal will also be achieved. The aim of the third plan is a bit difficult; it is to increase the individual income so that we will be on a par with medium states in the next century. We need 40 to 50 years to achieve this goal. This is because China has a large population, which continues to grow. Stopping population growth needs efforts and requires 20 to 30 years. Until the end of this century we will work to achieve a national income growth rate of 8 to 9 percent. This is a healthy and reasonable rate. This will stem inflation and increase work opportunities at the same time.

On Western press reports that there are signs of tension in the South China Sea because of China's ambitions in some islands, Li said: I have not heard about this escalation in tension. In any case, we believe the South China Sea islands are an inseparable part of China. The Chinese Government will take every positive step to solve the problems in this region. We believe in global peace. But China does not want anyone to interfere in this issue, because such interference will complicate the problem.

The Spratly Islands in the South China Sea, which are rich in minerals, are being disputed by China, Vietnam, Taiwan, Brunei, and Malaysia, with each of them claiming rights to the islands.

Textile Industry Minister Visits Lebanon

*OW1405164795 Beijing XINHUA in English
1633 GMT 14 May 95*

[FBIS Transcribed Text] Beirut, May 14 (XINHUA) — Chinese Minister of Textile Industry Wu Wenying arrived here today on an official three-day visit to Lebanon.

Wu told reporters at the Beirut International Airport that the Chinese delegation came to Lebanon at the invitation of Chairman of the Association of the Lebanese Industrials (LIA) Jacques Sarraf.

Wu is the highest Chinese official ever to visit Lebanon since the two countries established diplomatic ties in 1971.

Sarraf and other senior officials of the LIA, as well as Chinese ambassador to Lebanon Zhu Peiqing, greeted the eight-member Chinese delegation at the airport.

At a press conference held in the lounge, the Chinese minister said, "We are here to explore means and ways to promote cooperations in the economic, trade and technical fields between the two countries." She said she hoped that the visit would help develop and enhance the friendship between China and Lebanon.

Sarraf told XINHUA that the Lebanese side had attached "great importance" to the visit of the Chinese textile industry delegation.

"China has a lot of precious experiences in the textile production which are being admired by the Lebanese industrials," said the LIA chairman.

He noted that the Chinese delegation's visit would be an opportunity for the two sides to learn from each other's experience.

"Lebanon used to be a very important silk-producing country," he said, adding the Lebanese industrials hoped that China would help them retrieve the position in this field and make Lebanon a source of silk products.

"We will hold deep discussions with the Chinese minister in this regard and we are hoping that substantial results will be seen in a near future," Sarraf said.

Lebanese President Ilyas al-Hirawi and Prime Minister Ratiq al-Hariri are scheduled to receive the Chinese delegation Tuesday.

The schedule of the delegation also includes meetings with Lebanese Economy and Trade Minister Hagop Yarwan Demerdjian and Industry and Oil Minister As'ad Rizq and inspections in some local textile factories.

The Chinese minister and her entourage had visited Germany and Italy before arriving in Lebanon.

'Roundup' Views Indian Shrine Issue

OW1505100195 Beijing XINHUA in English
0747 GMT 15 May 95

["Roundup" by Li Jiasheng: "Government May Be Cornered on Shrine Issue"]

[FBIS Transcribed Text] New Delhi, May 15 (XINHUA) — With almost all opposition parties giving notice to move adjournment motions on the issue of Char-e-Sharief in the lower house here today, the Rao government would find itself in a tight spot defending its inaction.

The sequence of events leading to the burning of a Sufi shrine on May 11 is expected to be debated in the parliament which will be resumed here after a four-day interval.

In response to the opposition parties' aggressive mood, the Rao government has conceded more ground at the all-party meeting here last Saturday [13 May] when it admitted lapses in handling the situation and attempted to shift the blame on the state government.

The demand for removal of Kashmir Governor Gen. K.V. Krishna Rao has picked up a lot of momentum.

In the parliament, the government would have a lot to answer for, particular its goof-up after claiming to have intercepted messages that militants were planning to burn the shrine down, opposition sources said.

The discussion in the parliament today is expected to center on the failure of the government throughout the three-month standoff at Char-e-Sharief, which culminated in the burning-down of the holy shrine.

Prime Minister P.V. Narasimha Rao, who also holds the defense portfolio, is likely to reply at the end of the debate.

At a party meeting, the prime minister's remarks that elections in Jammu and Kashmir would go ahead because people of the state want polls seemed to have annoyed the opposition parties. They have maintained that normality should be brought about before initiating the democratic process.

The latest development at Char-e-Sharief would be a key element in the opposition attack.

Pakistani President Accepts Envoy's Credentials

OW1205144095 Beijing XINHUA Domestic Service
in Chinese 1101 GMT 8 May 95

[By reporter Hu Xiaoming (5170 0879 2494)]

[FBIS Translated Text] Islamabad, 8 May (XINHUA) — Pakistani President Farooq Ahmad Khan Leghari today highly praised the friendly relations between Pakistan and China. He said although Pakistan and China have different social systems, the two countries have had extensive and fruitful cooperation in various fields, including the political, economic, and military fields.

Leghari made these remarks after accepting credentials from Zhang Chengli, new Chinese ambassador to Pakistan.

Leghari also stressed the importance of stepping up Sino-Pakistani bilateral economic and trade cooperation, saying economic and trade cooperation will inject new vitality into the development of relations between the two countries.

Zhang Chengli said developing good and cooperative relations with Pakistan is a firmly-established policy of China, and that maintaining friendly relations between the two countries is in line with the two countries' common interests.

Sri Lankan President Receives Envoy's Credentials

OW1205145595 Beijing XINHUA Domestic Service
in Chinese 1659 GMT 9 May 95

[FBIS Translated Text] Colombo, 9 May (XINHUA) — Sri Lankan President Chandrika Kumaratunga today expressed the hope of further developing the traditional friendship and expanding economic cooperation between Sri Lanka and China.

Chandrika expressed this hope after receiving the credentials from Chen Defu, new Chinese ambassador to Sri Lanka.

She said: "My parents have a special affection toward China and I will continue to strive for the development of traditional friendship and cooperative relations between the two countries."

She said: China's achievements in economic reform are well-known in the world. She noted: Sri Lanka hopes Chinese entrepreneurs will make investment in Sri Lanka and participate in the construction of infrastructure, such as ports and roads.

Chen Defu said: The Chinese Government has attached great importance to the development of friendly and

cooperative relations with Sri Lanka and is willing to expand bilateral economic cooperation through various forms.

Chen Defu arrived in Sri Lanka on 28 March to take office.

Sub-Saharan Africa

Roundup Views 'Tense' Situation in Somali Capital
OW1405115195 Beijing XINHUA in English
0748 GMT 14 May 95

["Roundup" by Wang Qinghua: "Situation in Somali Capital Becomes Tense Again"]

[FBIS Transcribed Text] Nairobi, May 14 (XINHUA) — The situation in the Somali capital of Mogadishu has become tense again.

Mogadishu has been relatively calm since early March this year when the United Nations peacekeeping forces evacuated from the bullet-riddled city after failing to restore peace to it in a 27-month costly mission. However, there have been reports of renewed fighting between rival clan militiamen in recent days. At least 13 people have been killed in three days of fighting.

On Tuesday [9 May], eight people were killed during clan fighting in Bermuda district in southern Mogadishu. Three of them died when an artillery shell ploughed into the city's Bakaaraha market.

On Wednesday, three people were killed, 10 others wounded and a vehicle was blown up in a battle at the deserted Mogadishu International Airport.

On Thursday, two more people perished and several others were wounded in fighting in the southern part of the city.

In the town of Baidoa, where clashes have also broken out recently, the United Nations World Food Program (WFP) Office has been closed for a week after Somali gunmen threatened to blow it up. Officials in the WFP Office say they will go back into Somalia only when security has improved so that they can work safely.

A group called "the Lions of West Baidoa" has been sending threatening letters to foreign relief agencies working in the town.

Little progress has been made in the negotiations on national reconciliation between Gen. Mohamed Farah Aidid, Chairman of the Somali National Alliance, who controls southern Mogadishu, and his arch rival Ali Mahdi Mohamed, leader of the Somali Salvation Alliance and self-styled President of Somalia, who occupies northern Mogadishu. Both of them have declared

that they are going ahead with their own national conference to establish a government.

"Somalia could disintegrate if a government of national unity was not established within three months," Ali Mahdi Mohamed said at a press conference in his stronghold in Mogadishu on April 15.

"If the Somalis fail to establish a government, the country will end up in clan-ruled emirates which is much more disastrous," he said.

The two most powerful faction leaders in Somalia have avoided an all-out war after the pullout of the UN peacekeeping forces from the Horn of Africa country on March 2 by agreeing to jointly run the Mogadishu seaport and airport. A committee for the joint management of the seaport was set up later and the facility opened to business on March 9. Trade boomed in March and April.

The joint management of the airport remains a problem, however. Different militia groups have carved the airport into a mosaic of clan "turfs." They have even parceled out sections of the runway. No planes have landed since the UN peacekeepers abandoned it early March.

Tension is mounting along the Green Line of bombed out buildings, which divides the capital into the south and the north respectively for the followers of Gen. Aidid and self-styled President Ali Mahdi. Heavily-armed militiamen can be seen milling on both sides of the Green Line.

Osman Hassan Ali Atto, a right-hand man and major financier of Gen. Aidid, has split from Aidid. Reports say this is mainly because of the "hard line" of the general. Atto complained to reporters on May 9: "Gen. Aidid wants to isolate Somalia from the rest of the world."

Atto has recently appealed to the faction of Aidid's arch rival Ali Mahdi for peace. However, observers believe the split between Aidid and Atto, who is also a powerful Habre Gedir militia leader, could possibly add fuel to the hostilities between Gen. Aidid and Ali Mahdi.

West Europe

NPC Vice-Chairman Buhe Greets Finnish Delegation

OW1505073595 Beijing XINHUA in English
0654 GMT 15 May 95

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — Buhe, vice-chairman of the Standing Committee of China's National People's Congress (NPC), met with

a delegation from the Local Authorities Association of Finland here today.

The Group, headed by Taisto Terava, vice-chairman of the association's council, arrived in China May 12 at the invitation of the Chinese People's Association for Friendship with Foreign Countries.

During the meeting, Buhe and the Finnish visitors exchanged views on friendly cooperation between local governments and cities of the two countries.

Apart from Beijing, the Finnish delegation is also scheduled to visit Jinan and Shanghai.

Minister Wu Yi Concludes Visit to Greece

OW1305121395 Beijing XINHUA Domestic Service in Chinese 1353 GMT 10 May 95

[By reporter Chen Dechang (7115 1795 2490)]

[FBIS Translated Text] Athens, 10 May (XINHUA) — Wu Yi, Chinese minister of foreign trade and economic cooperation, left Athens for home today winding up her three-day visit to Greece.

During the visit, she held talks with Greek National Economy Minister Ioannis Papandoniou on strengthening bilateral trade and economic cooperation on 9 May.

Papandoniou spoke highly of the rapid economic growth China has achieved after it started reform and opening to the outside world. He said that as a member of the European Union [EU], Greece will work to promote ties between China and the EU. Greece supports China's membership in the World Trade Organization. Wu Yi briefed him on China's domestic economic situation and its economic and trade policy toward the EU.

In an address in Athens to a hundred or so people of the Greek business sector on 8 May, Wu Yi said that China's doors are wide open on every side and she urged them to invest in and do business with China.

During the visit of Wu Yi and her entourage, the China National Chemicals Import and Export Corporation signed a contract with a Greek party on importing chemical fertilizers worth \$8 million from Greece.

Greece is the last leg of Wu Yi's five-nation European tour. Before that, she visited Portugal, Spain, Ireland, and Switzerland. A member of the entourage told this reporter that Wu Yi's Europe tour was a complete success.

NPC Vice Chairman Meets Swedish Visitors

OW1505081595 Beijing XINHUA in English 0704 GMT 15 May 95

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — Buhe, vice-chairman of the standing committee of China's National People's Congress (NPC) met here this afternoon with the Swedish supervision delegation headed by Birgit Friggebo, president of the Permanent Committee on Constitutional Affairs of the Parliament of Sweden.

Cao Qingze, Chinese minister of supervision attended the meeting.

The Swedish visitors came to China as guests of the Chinese Ministry of Supervision, to learn about the Chinese system of administrative supervision and exchange experience with their Chinese counterparts.

Ismail Amat Greet Turkish Delegation

OW1405140395 Beijing XINHUA in English 1336 GMT 14 May 95

[FBIS Transcribed Text] Beijing, May 14 (XINHUA) — Chinese State Councillor Ismail Amat met here this evening with a delegation from the Turkey-China Friendship Association led by its President Kemal Baytas.

Ismail Amat, also president of the China-Turkey Friendship Association, praised his Turkish counterpart for its efforts to promote non-governmental exchanges since its founding in 1991.

He said that contacts between the two countries have been growing since they forged diplomatic relations, adding: "We are looking forward to the China visit by the Turkish President Suleyman Demirel."

Baytas, noting that an art troupe has come with him, expressed the belief that the delegation's current visit to China will help promote mutual understanding and friendship.

Qi Huaiyuan, president of the Chinese People's Association for Friendship with Foreign Countries, attended the meeting.

UK Trade Secretary Arrives for Talks

OW1305071895 Beijing XINHUA in English 0700 GMT 13 May 95

[FBIS Transcribed Text] Beijing, May 13 (XINHUA) — British Trade and Industry Secretary Michael Heseltine arrived here by air this afternoon on a week-long visit to China as guest of Wu Yi, Chinese minister of Foreign Trade and Economic Cooperation.

Upon his arrival here, Heseltine said at the airport that it has been his first time to visit China since 1973 and he was very much looking forward to the visit.

"I have brought with me the largest delegation of British men and women from our trade and industry that has ever left the UK to visit another country," he said, adding that he was also looking forward to seeing Minister Wu Yi.

Heseltine and his party were greeted at the airport by He Xinhao, director of the European Affairs Department of the Chinese Ministry, and Leonard Vincent Appleyard, British Ambassador to China.

Meets Wu Yi

OW1505064095 Beijing XINHUA in English
0556 GMT 15 May 95

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — Chinese Foreign Trade Minister Wu Yi held talks here this morning with visiting British Secretary of Trade and Industry Michael Heseltine following their 45-minute private meeting.

During the talks, they exchanged views on a wide range of issues concerning the expansion of bilateral trade.

Extending welcome to Heseltine on his China visit, Wu said that further expansion of trade and economic exchanges is in line with the common wishes of the two peoples, and she believed that the Secretary's visit will help push forward the growth of trade and economic ties between China and Britain.

Heseltine said that he had been looking forward to the visit, after his first China trip 20 years ago.

The Secretary said that the British government attached much importance to the visit of his delegation, the largest ever sent by Britain abroad.

Officials from the Ministry of Foreign Trade and Economic Cooperation (MOFTEC) said that during the talks, British businessmen voiced opinions on a number of investment projects for cooperation with their Chinese partners.

The businessmen's opinions show their strong desire of seeking cooperation and investment chances here in China, especially in the fields of insurance, construction, life engineering and civil aviation, MOFTEC officials said.

According to them, the talks were held in a frank and pragmatic atmosphere.

East Europe

Hungary's Goncz, Jilin Delegation Discuss Ties

OW1305061695 Beijing XINHUA in English
0259 GMT 13 May 95

[FBIS Transcribed Text] Budapest, May 12 (XINHUA) — Hungarian President Arpad Goncz met with Gao Yan, Governor of China's Jilin Province, here today.

Goncz stressed the importance of Sino-Hungarian economic cooperation, saying the keen world competition on the Chinese market can help promote the competitiveness of Hungarian products.

Gao, heading an economic and trade delegation of his province, arrived here Thursday [11 May] on a six-day visit.

Hungarian Minister of Industry and Commerce Laszlo Pal met with Gao on a separate occasion for talks about ways of cooperation between their enterprises.

Reportage of Trade Delegation Visit to Belgrade

Governor Leads Delegation

SK1205101195 Harbin HEILONGJIANG RIBAO
in Chinese 3 Apr 95 p 1

[FBIS Translated Text] Mirko Marjanovic, prime minister of the Republic of Serbia of the Federal Republic of Yugoslavia, Nikola Sainovic, deputy prime minister of the Federal Republic of Yugoslavia, and Tomic [name as transliterated], chairman of the assembly of the Republic of Serbia, met with and hosted banquets respectively in Belgrade in honor of all the members of the Heilongjiang Provincial delegation led by its Governor Tian Fengshan and held talks with them on developing the economic and technological cooperation between the two sides. Professor Markovic [name as transliterated], wife of the president of the Republic of Serbia and social activist, also met with Governor Tian Fengshan and Comrade Zhu Ankang, Chinese ambassador to Yugoslavia, exclusively.

Governor Tian Fengshan and his party arrived in Belgrade on 30 March at the invitation of the government of the Republic of Serbia of the Federal Republic of Yugoslavia for a goodwill visit. During the visit, the provincial delegation was warmly welcomed and received by the Yugoslav and Serbian leaders and personalities from various circles. In addition to meeting with the Serbian prime minister, the delegation held talks with the two Serbian deputy prime ministers, the minister and deputy minister of foreign affairs of the Federal Republic of Yugoslavia, and the chairman of the economic association, minister of industry, and minister of

agriculture, forestry, and water management of Serbia during the three-day visit. They exchanged views extensively on developing bilateral economic and trade relations and the cooperation in other areas.

During the talks, Yugoslav and Serbian leaders unanimously praised China for its tremendous achievements in reform and opening up and for its role in international affairs, spoke highly of the principles and stand China has consistently pursued in international affairs, and hoped that China would make contributions to the early abolishment of the sanctions imposed on Yugoslavia by the international community. Tian Fengshan, head of the Heilongjiang delegation, introduced the achievements China and Heilongjiang Province had won in reform and opening up, their opening policies, and Heilongjiang's basic situation and potential for cooperation with foreign countries. He said that as long as concerted efforts were made, many undertakings could be accomplished and cooperation between Serbia and Heilongjiang would be further strengthened.

During the talks, both sides unanimously pledged to promote bilateral economic and trade relations and the cooperation in scientific and technological, cultural, and educational fields through the visit and talks. They pointed out that Heilongjiang and the Republic of Serbia had great potential in the cooperation in such areas as industry, agriculture, joint investment, technology transfer, and import and export. The governments of both sides pledged to work hard to expand the bilateral cooperation in the principle of equality and mutual benefit. At the end of the talks, Governor Tian Fengshan and the Serbian Government Deputy Prime Minister Si Babic [name as transliterated] signed the summary of talks. Both sides reiterated that they would send a delegation to visit each other every year in an effort to promote understanding and to maintain ties and closer cooperation. Prime Minister Marjanovic accepted Governor Tian Fengshan's invitation to visit Heilongjiang.

More on Talks

SK1205100995 Harbin HEILONGJIANG RIBAO
in Chinese 3 Apr 95 p 1

[All enterprises' names are as transliterated]

[FBIS Translated Text] To promote the bilateral economic and trade relations between Heilongjiang

Province and the Republic of Serbia, the Heilongjiang Provincial delegation and the Serbian government delegation held a talk on bilateral economic cooperation and other issues of common interest. Meanwhile, the Heilongjiang delegation also met with and held talks with the persons in charge of some dozen enterprises, such as the petroleum company, the Luola Company, the Gesha Motor Vehicle Plant, the Jijinda Casting Plant, the Bodixia Comapany, the 14 October Plant, the tobacco plant, the aviation engineering company, the International Export Company, and the Baikebai Company. Presided over by the deputy prime minister of the Serbian government, the delegation and the representatives from the enterprises held discussions on their cooperation in economic, scientific, and technological projects. Governor Tian Fengshan said: With abundant resources, Heilongjiang has great potential for development, for renovation, and for opening to the outside world. You are welcomed to visit Heilongjiang to provide favorable conditions through your own channels for the cooperation with your counterparts on the premise of mutual benefit so that our cooperation can be promoted to a new level. During the talks, both sides also expressed their sincere wish for and specific suggestions on their cooperation in trade and technology transfer. They held: The natural resources and the economic development of Heilongjiang and Serbia provide extensive possibility for their cooperation. Through discussions, the governments of both sides have decided to consolidate and develop bilateral economic and trade cooperation while providing full support for the enterprises to carry out the shipping lists included in the summary of talks and the suggestions on multiform cooperation.

Political & Social

Son-in-Law Says Deng Xiaoping in 'Good' Health

HK1505113495 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0915 GMT 15 May 95

[By reporter Hong Wen (3126 2429)]

[FBIS Translated Text] Hong Kong, 15 May (ZHONGGUO TONGXUN SHE) — Wu Jianchang, chairman of Dongfang Xinyuan Company Limited, said here today that his father-in-law Deng Xiaoping's health condition at present is good [mu qian de jian kang zhuang kuang liang hao 4158 0467 4104 0256 1660 3692 0400 5328 1170], and the rumor that he had entered a "vegetative state" is not true.

Mr. Wu made the above statement to reporters after attending a meeting of the board of directors of his company. He said he met with his father-in-law Deng Xiaoping every day when he was in Beijing; Deng's health is not at all in danger [qi jian kang bing wu wen ti 0366 0256 1660 0017 2477 0795 7344].

Referring to the consecutive anti-corruption operations in Beijing, which are a focus of attention abroad, Wu Jianchang stressed that the operations have not affected Xinyuan Company in any way, and the Deng family is not involved in any cases.

When discussing his company's business this year, Mr. Wu said the company plans to speed up the development of some joint ventures in mainland China and will continue to concentrate on the non-ferrous metal trade in China. The company is planning to set up an office in Sydney, Australia and intends to explore metallic and other mineral resources in Australia, the Philippines, and Indonesia to assess their potential as the company's future main suppliers.

Earlier, it was widely rumored abroad that Deng Xiaoping's health was deteriorating. This caused a remarkable decline in stock prices on the Hong Kong stock market, which was hit by heavy selling of some H-category stocks and China-concept stocks, which are closely related to China.

Deng Pufang Talks With Australian Journalists

HK1405060295 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 14 May 95 p 6

[By Nick Cater]

[FBIS Transcribed Text] Sometimes it helps to have a father like Deng Xiaoping. And sometimes it does not. Deng Pufang, the eldest son of China's paramount leader, has known both the blessing and the curse of being born to a famous parent. During China's

Cultural Revolution it earned him relentless persecution by China's Red Guards — torment that led to a fall from the roof of a Beijing University building which crippled him for life. But as Deng Xiaoping's fortunes rose after the death of Chairman Mao Zedong, so did those of his son. He used his new-found influence to create a multi-million-dollar charity for the disabled.

Now, with 90-year-old Deng senior fading fast and the new leadership in position, some analysts predict the younger Deng's fortunes are about to turn full circle again. A drive against corruption by anointed successor Jiang Zemin is claiming high-profile victims, including some with personal connections to Deng Xiaoping. Deng Pufang could be a sitting duck if, as some predict, the campaign turns into a purge of the so-called "princelings" sons and daughters of senior officials who have benefitted from their connections. He does not deny some of the money he raises might find its way into business ventures in Shanghai and other places in China but says he is not involved in the dealings which are designed only to increase the value of funds raised.

Deng Pufang put up a feisty performance last week when faced with an onslaught of questions from the Australian press in Beijing. He shied away from the questions only occasionally, once when asked how he came to be disabled. "I am often asked that question," was his only reply. While there seems little doubt that his fall from the roof of a Beijing University building in September 1968 followed persecution by Red Guards, the exact circumstances have never been fully explained. The official version had it that he was pushed. But in a recent interview to promote her biography of her father, Deng Rong said he had jumped, lending weight to rumours it may have been a suicide attempt. He broke both his legs in the fall but was refused admission into the university's medical clinic. Paralyzed from the waist down, he was confined to a home for the disabled. There he spent his days on his back weaving baskets and barred from contact with his father, who was then outcast as a "capitalist roader". In 1980, with his father's fortunes restored, he was secretly sent to Canada for treatment, where doctors managed to get him to sit up. But, Chinese press reports say he has only one working kidney and his blood circulation is poor.

It is against this background that Deng Pufang, 51, this week made a plea to be considered an ordinary person, a social worker rather than a businessman or politician. "You should treat me as a worker for disabled people on an equal basis with other people ... " he said. As he was lifted from his wheelchair he seemed an unlikely target in a campaign against those accused of sitting comfortably on the proceeds of nepotism. He claims he is too busy with social work to have

much time for business. Indeed, unlike other members of the Deng family, he has had no overt business links since he resigned six years ago as head of the now-defunct Kanghua Development trading company. Deng Pufang was never implicated in any wrongdoing and was careful to take pains to distance himself from the company once allegations of profiteering and illegal trading began to surface.

There can be little doubt his work has helped improve the lot of China's estimated 60 million handicapped people. Yet despite his good work he is still far from popular among many Chinese, who appear to regard him as an arrogant, aloof, card-carrying member of the exclusive club of "high level cadre kids". When the 1989 Tiananmen Square protesters drew posters complaining against nepotism and corruption, Deng Pufang was at the top of their list. But since then Deng has enjoyed something of a rehabilitation, praised for his work for the disabled and portrayed as a close confidant of his father. He was by his father's side when he made his triumphal 1992 tour of southern China. Such is Deng Pufang's sway today that he claims to be able to raise between 20 million and 30 million yuan (between HK\$ 18.64 million and HK\$27.96 million) a year for the disabled.

Later this month he will lead a two-week tour of Australia and New Zealand by a troupe of disabled performers. Once again the Deng name has been influential in helping to attract commercial sponsorship and the patronage of Prime Minister Paul Keating's wife, Annita. But after the Kanghua experience, he is at pains to emphasise that his only reward is the "honour and good luck" which comes from helping the afflicted. "I have a very clear account of every single penny I raise for the disability programme," he said. "Not a single penny was spent for purposes outside of disability. The fund raising has stood the test of time."

His minders were attempting to wind up the press conference when a journalist managed to sneak in the one question guaranteed to provide headlines the next day. How is your father's health? Deng Pufang answered by saying his trip would go ahead as scheduled from May 28 and he urged journalists not to believe rumours. "His health is very good," he said.

And what of his own future after the death of his father? Was he concerned that he could come under attack? The question was too far away from the topic of the press conference, he complained, but he agreed to answer it anyway: he repeated the party line that China now had a stable and mature political leadership not prone to knee-jerk reactions.

But the history of China teaches that the only thing that can be predicted is that the country is unpredictable. Deng Pufang's chances of surviving will rest on whether he can live up to his name, which, translated, means "simple and predictable".

Jiang Chunyun Emphasizes Flood Preparation

OW1405142495 Beijing XINHUA in English
1359 GMT 14 May 95

[FBIS Transcribed Text] Changsha, May 14 (XINHUA) — Jiang Chunyun, one of the two newly elected vice premiers of China, has urged the nation to get prepared for the fight against floods in the coming rain seasons.

Jiang, also the head of the State's Flood Control Headquarters, made the call during his inspection in central China's Hunan and Hubei Provinces over the past week.

During his trip, Jiang told local officials that flood control is the most urgent task and should be given the priority in the government work agenda, as heavy floods are likely to happen in the regions along the middle and lower reaches of the Chang Jiang River this summer, especially in the Jingjiang River in Hubei and the Dongting Lake in Hunan, according to weather forecasts.

Early this year, the Jingjiang River, a major tributary of the Chang Jiang River, was silted up and a section of its dikes collapsed. More than 100 ships were stranded there until the water course was dredged.

In 1954, the whole Jingjiang dike, which is close to Wuhan, capital of Hubei Province and the largest industrial center in central China, survived one of the heaviest floods that occurred along the Chang Jiang River in hundreds of years.

Jiang said that after 40 years of construction, the city has been more capable of combating floods. But he said officials at all levels must keep on alert and step up anti-flood measures to avoid losses caused by floods of any scales.

Li Lanqing Meets Returned Students

OW1205140895 Beijing XINHUA in English
1351 GMT 12 May 95

[FBIS Transcribed Text] Beijing, May 12 (XINHUA) — Chinese Vice-Premier Li Lanqing reiterated here today that students studying overseas have the freedom to come and go as they wish.

Li said during a meeting with 23 Chinese students, who are studying or working in Germany and currently on a 15-day return visit across the country, that those who

have returned from study abroad play a positive role in the country's modernization drive.

China supports those who want to study abroad and encourages them back to the motherland, he said, expressing hope that the students will find out the great development of the country by their own eyes during the visit.

Dr. Shen Jinghua, one of the students, said that China must follow the world's scientific developments and have its own share in areas of high technology.

The students have much to do in this regard, as they have advanced knowledge and experience in international exchanges, he explained.

The students, including 14 with doctors degrees, six doctoral candidates and three with masters degrees, are experts at various universities, institutes, or companies in Germany.

Elder Son of Peng Zhen Transferred to Beijing

*HK1305073795 Hong Kong MING PAO in Chinese
11 May 95 p B1*

[By special reporter Yen Chung (0917 0022): "Fu Rui, Peng Zhen's Elder Son and Former Director of Guangdong Organization Department, Transferred to Beijing"]

[FBIS Translated Text] Fu Rui, son of CPC elder Peng Zhen and former member of the Guangdong party committee standing committee and head of its organization department, was transferred to Beijing recently on orders. His successor is Liu Fengyi, former secretary of the Meizhou City party committee.

The Guangdong authorities have not directly publicized the news of the change in its organization department head, but the personnel change was indirectly disclosed by GUANGZHOU RIBAO a few days ago. According to a report published by the newspaper on 9 May, Liu Fengyi, member of the provincial party committee standing committee and head of the organization department, was among the senior officials meeting with a "delegation reporting Kong Fansen's deeds."

A source said that Fu Rui was ordered transferred to Beijing in late April and early May. Fu went to the north several days after receiving the relevant central circular. However, the source refused to disclose any new post Fu Rui will take up after returning to Beijing.

Fu Rui is now an official whose rank is equivalent to a vice governor or vice minister. He was born in 1940, and acted as a technician of the Beijing Air Force, as a worker and technician of the Beijing Prospecting Machinery Plant, and as secretary of the State Council

General Office. From September 1983, he studied in the CPC Central School. Since January 1984, he has acted as deputy chief of the No. 12 Bureau of the Ministry of Public Security, chief of the ministry's No. 11 Bureau, assistant to the public security minister, and member of the ministry's party committee (from November 1986 to November 1987, he acted as deputy chief of the Shenzhen City Public Security Bureau). In October 1990, he started acting as a member of the Guangdong CPC Committee standing committee and head of the organization department.

Peng Zhen and his wife have four sons and a daughter, whose names are Fu Rui, Fu Ping, Fu Yang, Fu Liang, and Fu Yan. Fu Rui is their elder son.

Fu Rui's successor, Liu Fengyi, who came from Beijing and is in his 50's, was former secretary of the Meizhou City party committee and former director of the Guangdong Provincial Construction Commission.

Vice Premier Wu Bangguo Inspects Gansu, Qinghai

*OW1405141795 Beijing XINHUA in English
1336 GMT 14 May 95*

[FBIS Transcribed Text] Xining, May 14 (XINHUA) — China will strive to narrow the economic gap between its coastal regions in the east and the inland regions in the west, vice-premier Wu Bangguo said during a recent inspection tour in northwest China's Gansu and Qinghai provinces.

Wu, also a member of the Political Bureau of the Central Committee of the Communist Party of China (CPC), said the Party and the central government will offer favorable treatments toward western China in fund allocation, project approval, and other economic policies during the country's Ninth Five-year Plan period (1996-2000).

Wu fully confirmed the achievements made by the two provinces he had visited, saying that Gansu and Qinghai has experienced very rapid economic growth during the past few years. However, due to historical, geographical and policy reasons, the regions' economic progress has lagged behind that of the east, he said.

In such a sense, the vice-premier said the party and government have been encouraging the economically booming areas to actively help the relatively poor western areas. Meanwhile, the latter should make full use of their abundant natural resources and labor forces and speed up their own growth with an improved market economy and investment environment.

He also urged local governments to raise economic efficiency instead of merely pursuing the growth of

output value. Massive reform measures should be taken to strengthen competitiveness of local State-owned enterprises on the market.

Those money-losing enterprises with poor management or showing no sign of recovery may be allowed to go bankrupt or be annexed, he said.

The vice-premier, who had worked with industries in Shanghai for years, also referred to some useful measures to improve production efficiency, such as paying the attention to product quality, reducing the stock-piling of shoddy goods and speeding up the circulation of funds.

Vice Minister Views Anti-Corruption Campaign

HK1505074295 Hong Kong WEN WEI PO in Chinese
9 May 95 p a2

[Report by staff reporter Liu Yongbi (0491 3057 4310): "Vice Minister of Ministry of Supervision Says Central Authorities Are Aware of Corruption and Determined To Crack Down on Major Cases Through to End"]

[FBIS Translated Text] Beijing, 8 May (WEN WEI PO) — Li Zhilun, vice minister of the Ministry of Supervision, said that the Central Committee and the State Council have a good grasp of the present condition of corruption and are explicit in their attitude toward suppressing corruption with strong determination. The central authorities have attached extensive importance and supported the work of the Ministry of Supervision, as disclosed at an interview with of this reporter not long ago.

During the interview, Vice Minister Li Zhilun also answered this reporter's questions on how to view the phenomenon of corruption existing in party and government organs, and how to deal with corruption and build a cadre-supervising-and-restricting mechanism.

When talking about the issue of how to assess the present condition of the CPC contingent, Li Zhilun said the issue could be generalized briefly as follows: The CPC line and principles were formulated by linking them to actual conditions in China and proceeding from the basic interests of vast number of people; hence, they are correct. The overwhelming majority of CPC members and cadres are honest in performing their official duties and observe the law and discipline. According to Li Zhilun, the accomplishments scored in the 16 years since reform and opening up are the focus of world attention, and they are inseparable from the arduous struggles and conscientious hard work of the vast number of party members. Numerous fine, honest, and hard-working figures who play an exemplary role are concentrated in the CPC. Kong Fansen, the leading

cadre who went to work in Tibet and whose feats have recently been widely propagated among the people, Zhang Minqi [1728 7686 1477], former secretary of Jingzhou City party committee who sacrificed his life in fighting a flood, rushing to deal with an emergency, and Cui Daqing [1508 1129 1987], the policeman who sacrificed his life fighting thugs — these are the outstanding representatives of Communists. It is no exaggeration to say that over 90 percent of those heroes who sacrificed their lives for others and of model workers have been Communists. The more arduous the place and the more critical the moment, the more they are capable of revealing the vanguard and exemplary role of Communists.

Li Zhilun indicated that in taking a look at one's own work unit and work units of one's friends and relatives as well as those units around one, is it not true that the majority of leading members and cadres are fine? The answer should be affirmative. Those corrupt cadres are just a handful, and the majority of cadres who are Communists in the majority of places are honest in performing their official duties.

True, the existence of negative phenomenon of corruption in Chinese party and government organs is an actual fact, but the body of the Communist Party undeniably remains healthy and full of vitality in its entirety and essence.

Under the present situation of deepening reform, expanding opening up, and developing the socialist market economy, the CPC as a political party leading this great social change is firm and powerful, serves the people heart and soul, and enjoys high prestige among the people. Facing money-worship, hedonism, and decadent lifestyles, there really are some individual Communists who have failed the test and failed to be honest and exercise self-discipline.

Li Zhilun said that in recent years the phenomenon of corruption in some aspects has become aggravated, compared with the period before reform and opening up as well as its initial stage, the number of corrupt cadres increased, involving an extensive scope and large sums of graft. The tidal wave of the market economy has drowned some cadres inside the CPC, like Wang Baosen and his ilk.

Li Zhilun held that at present, workers in some trades have utilized their own special privileges and work principle to plan for private gains, creating very bad effects among the masses. He cited some examples: After certain common people [lao bai xing] have a telephone installed, if they have failed to take care of everything [zhao dai bu zhou 2156 1769 0008 0719], they might never have their calls put through

even though the telephone is installed; certain medical workers ask for lucky money when an operation is involved; and there exist the phenomena of arbitrary charges and apportioning in rural areas.

These things really happen in the everyday life of the common people. There are those figures such as grass-roots tax collectors, policemen from police substations, electrical workers, or workers from the power supply station or natural gas supply station whom ordinary people must deal with. Unhealthy tendencies in trades have polluted the social environment and aroused strong resentment from the masses. In recent years the party and government have adopted many measures to halt unhealthy tendencies in trades, and things have changed for the better.

Li Zhilun held that the phenomenon of corruption is not exclusive to socialist China, but is a worldwide issue. Be it developing or developed countries, they are perplexed by corruption to various degrees. The question lies in the attitude toward corruption and tit-for-tat measures.

With regard to the phenomenon of corruption that exists in China, Li Zhilun was for comprehensive improvement, providing a radical cure as well as treating the symptoms. On treating the symptoms, he said that first, leading cadres must be honest and exercise self-discipline, play an exemplary role, and take the lead in safeguarding the solemnity of party discipline and state law, while playing an exemplary role in hard work and clean government; second, discipline inspection and supervisory departments must investigate and handle all law-breaking cases, and in particular, they must investigate major and important cases through to the end and by no means should they tolerate them; at the same time, it is imperative to rectify and improve unhealthy tendencies. On providing a radical cure, he held that it is imperative to rely on first education, and second on the legal system. Since reform and opening up, China has converted from the planned economy to the socialist market economy; there are many new issues which people have not yet understood and which those people who plan for their private gain are taking advantage of. He cited the example of taxation departments which set up a mechanism by which tax collection, administration, and inspection are separated. Formerly, the masses used to complain against many cases of taxation workers violating discipline; however, in the wake of building the new restrictive mechanism, tax collection, administration, and inspection restrict one another, with chances for taxation workers committing mistakes being reduced.

"The Central Committee and the State Council have a pretty clear picture of the present condition in corrup-

tion, and are explicit in their stance toward suppressing corruption with very strong determination." Li Zhilun said that since he took office in the Ministry of Supervision in 1987, he had had profound experience of the great support and importance the Central Committee and the State Council attach to discipline inspection and supervisory work. Rumor had it that in handling those cases there was the tendency to plead for mercy for someone involved; true, such tendencies did exist, but cadres in charge of discipline inspection and supervision would not waver because some figures had pleaded for mercy, and had the courage to reject the interference of this tendency to plead for mercy. The Central Committee and the State Council have always been very supportive of the Central Commission for Discipline Inspection and the Ministry of Supervision in investigating and handling cases of violation of the law and discipline.

With regard to the recently publicized case of Zhang Wenxiao [1728 2429 1321], deputy secretary of the Anshan City party committee, the attitude of the central authorities is that such cadres must be handled solemnly according to party discipline and state law. Li Zhilun said with conviction that in the eight years since the Supervisory Ministry of Supervision was restored, the Central Committee and the State Council had all along been very supportive and attached great importance to it.

On tasks for the anti-corruption campaign in 1995, Vice Minister Li Zhilun stressed the need to make new progress in institutional construction. On 21 March 1995, the Central Commission for Discipline Inspection and the Ministry of Supervision jointly held a conference for chiefs of discipline inspection groups under the Central Committee and the State Council and directors of supervision bureaus. The conference required the 148 units in the central and state organizations to formulate special regulations without exception. For example, a stipulation should be made that no invitations should be accepted to banquets that would affect the fair execution of public affairs as well as all sorts of entertaining activities at the expense of public funds, with explicit, specific requirements and standards set as well as measures for penalizing those who violate the stipulation. In May and June this year, inspection teams will be organized to conduct special inspection in work in this arena.

According to Li Zhilun, to set up, complete, and perfect the supervisory, restrictive mechanism to ensure that leading cadres are honest and industrious with respect to public duties, three systems will be introduced in 1995, namely: First, the system of leading cadres of party and government organizations at and above county

(department) levels declaring their incomes; second, the system of registering gifts received by workers of party and government organizations in domestic public affairs activities; and third, the system of state-owned enterprises reporting to congresses of workers and staffers on conditions for spending professional entertainment fees. He said that the three systems have already been reported to the Central Authorities for their approval and would be implemented when they are published.

In addition, Li Zhilun said that aside from doing a good job of grasping leading cadres' honesty and self-discipline in the anti-corruption campaign this year, the pace would be stepped up in grasping the investigation and handling of cases violating the law and discipline, and in correcting unhealthy tendencies in trades. The key lies in investigating and handling cases of violating the law and discipline in party and government leading organs, administrative and law-enforcement organs, judicial organs and economic administrative departments, and cases involving leading cadres at and above county (department) levels. At the same time, regarding those arenas with relatively high incidence of crimes and greater numbers of major and important cases such as banking, securities, capital construction, real estate, and land lease approval, the magnitude of investigation and handling of cases will be strengthened to make new breakthroughs in handling cases.

Chen Xitong Case Placed in Perspective

HK1505080195 Hong Kong HSIN PAO (HONG KONG ECONOMIC JOURNAL) in Chinese
12 May 95 p 23

["Beijing Political Situation" column by Jen Hui-wen (0117 1979 2429) on 10 May 1995 in Beijing: "Perspective of the Nature of Chen Xitong Case"]

[FBIS Translated Text] The CPC Central Committee authorized Chen Xitong's resignation, saying that he bore inescapable responsibility for a number of serious economic criminal cases that recently took place in Beijing, particularly the suicide of Wang Baosen who was suspected of committing economic crimes. However, the focus repeatedly stressed in Hu Jintao's speech, member of the CPC Central Committee Political Bureau standing committee who announced the decision on behalf of the CPC Central Committee; in the speech of Wei Jianxing, secretary of the CPC Central Commission for Discipline Inspection who replaced Chen Xitong in taking charge of the Beijing Municipal Party Committee's work; and in the BEIJING RIBAO editorial, is that party and government leaders at all levels in Beijing Municipality must be firm in acting closely, politically and ideologically speaking, in line with the Central Party Com-

mittee with Jiang Zemin at the core; defend the authority of the CPC Central Committee with Jiang Zemin at the core; ensure smooth enforcement of central decrees; and ensure full implementation of the various central policies.

Therefore, we can see that the Chen Xitong issue is not merely an economic one, but also, a political one. That is, the Beijing municipal party committee formerly led by him could not act closely, politically and ideologically speaking, in line with the Central Party Committee with Jiang Zemin at the core; and it had developed to such a serious extent that the CPC authorities must make Chen Xitong the first target of attack if they wanted to give a warning to others.

Political Issue Is the Key

According to a source in Beijing, the Chen Xitong issue was not an incidental one, but there was rather a process of evolution, and it is one of the two problems in recent years which the leading CPC collective must solve in order to defend the authority of the Central Party Committee with Jiang Zemin at the core.

Following the 4 June Incident in 1989, Deng Xiaoping bypassed convention to promote Jiang Zemin, the then secretary of the Shanghai Municipal Party Committee who was also a member of the Central Party Committee Political Bureau, to the post of general CPC secretary as Zhao Ziyang's replacement. He also promoted Li Ruihuan, the then secretary of Tianjin Municipal Party Committee who was also a member of the Central Party Committee Political Bureau, to the rank of member of the Central Political Bureau standing committee. However, beyond all expectations, Li Ximing, the then secretary of the Beijing Municipal Party Committee and member of the Central Party Committee Political Bureau who, along with Chen Xitong (Beijing mayor then), tried to persuade Deng Xiaoping to take strong measures against the "rebellion," and Li Ximing and Chen Xitong took it to heart. In March 1992, Deng Xiaoping once again promoted Zhu Rongji, the then secretary of the Shanghai Municipal Party Committee, to be vice premier of the State Council. In the following October, when the 14th CPC Congress was held, Zhu Rongji became the No. 5 man of the seven-member Central Party Committee Political Bureau standing committee. On the other hand, Chen Xitong, who had brought about rapid progress in the urban construction and social life of Beijing during his rule and whose official standing had been much elevated after accompanying Deng Xiaoping in his inspection of the Shougang Corporation in May 1992, could only be promoted to be member of the Central Party Committee Political Bureau at the

14th CPC Congress and succeed Li Ximing as secretary of the Beijing Municipal Party Committee. Therefore, Chen Xitong was quite disgruntled at the Central Party Committee's "Shanghai faction" led by Jiang and Zhu. In November 1994 and March 1995, Shanghai Municipal Party Secretary Wu Bangguo, who had been elevated to member of the Central Party Committee Political Bureau, was successively promoted to be secretary of the Central Secretariat and vice premier of the State Council, which made Chen Xitong even more recalcitrant toward the "Shanghai faction." When officials of the Beijing Municipality were criticized for talking about the "Shanghai faction," he went so far as saying in defense: "We have not accomplished our work, but comrades do have their views." In recent years, Cheng Xitong's recalcitrance has increasingly affected the full implementation of various central principles and policies in Beijing. As a result, the CPC authorities felt that at a time when localism was in the ascendant, they must fix up the Beijing municipal party committee's problems first if they wanted to defend central authority. Hence, the Wang Baosen case was taken as the opportunity to make the decision on reshuffling the Beijing municipal party committee and dismissing Chen Xitong.

In the eyes of the CPC authorities, to defend central authority, another problem to be solved is the group of officials in the State Planning Commission who are in favor of planned economy. The group was formed in the Yao Yilin era. When Zhu Rongji implemented economic policies after being promoted to be vice premier of the State Council in charge of economic affairs in 1992, he frequently met with obstruction. Later, with Deng Xiaoping's consent, another new organ was set up to implement the policies.

Jiang Zemin commented on the handling of the above two major problems in this way: If strong and swift measures have to be taken against the Beijing municipal party committee, the State Planning Commission must be dealt with in a gentle and mild way, that is, its personnel changes should be made in a subtle and imperceptible manner. It seems that no matter which form the CPC authorities are taking, the key point to be settled is a political problem about the right of leadership. For Beijing, it means replacement of leaders failing to act closely, politically and ideologically speaking, in line with the Central Party Committee.

Take Precautions Against Chaos

The source said: **In order to facilitate the work of reshuffling the Beijing municipal party committee without affecting the stability of Beijing, the CPC authorities had made certain preparations and taken some measures before announcing the decision:**

1. Outstanding cadres springing from the Communist Youth League were selected to strengthen the leadership of various districts under the Beijing municipal authorities, so that a reshuffle of the Beijing municipal party committee would be supported by various districts.

2. Jiang Zemin promoted Ba Zhongtan, the retired former Shanghai Garrison commander who was a close associate, to be chief commander of the national armed police headquarters, so that the armed police could be at the Central Party Committee Political Bureau's beck and call. Besides, not long ago, a number of officials were transferred from Shanghai to strengthen the central guards regiment, so that it could better defend Zhongnanhai.

3. Jiang Zemin signed a Central Military Commission [CMC] decree, reiterating that the right to move the troops and armed forces in the capital lies with the General Staff Headquarters and the CMC General Office. Such a reiteration at that moment was felt as a precautions against an emergency.

According to political figures in Beijing, the fact that precautions against chaos must be taken before reshuffling the Beijing municipal party committee shows that the authorities dealt with the Chen Xitong case as a major political battle. The progress was quite smooth because a tactical policy of making utmost efforts to narrow the range of combat was adopted.

Guard Against a Comeback of the "Leftist" Tide

The source also said: As every May and June have become a politically sensitive period after the 4 June Incident, the CPC authorities recently paid special attention to the Chen Xitong case so as to ensure stability in the politically sensitive period, and a document urging all-level party committees to act closely, politically speaking, in line with the Central Party Committee has been issued and is being passed on and studied in detail at every level.

Moreover, the authorities will successively adopt measures conducive to stability, to unity, and to defending central authority during the politically sensitive period and during important dates as "1 July" and "1 August." It was learned that as of May, the pace of lateral shifts between leading cadres (from province to province, from ministry to ministry, from province to ministry, and from locality to locality) will be accelerated to guard against localism and selfish departmentalism. In order to prepare for the celebration of the party's founding date on 1 July, the focus will be placed on guarding against the comeback of "leftist" forces, for fear of pounding the basic party line with economic construction at the center. It shows that the authorities have taken note of

the rising trend of "leftist" forces in the midst of warding off corrosive influence and guarding against changes.

According to political figures in Beijing, some people feel that if the Cultural Revolution was the time of the extreme Left, now is the time of the extreme Right. This may be the very reason why the authorities have to stress the need to guard against a comeback of the "Leftist" tide when dealing with the Chen Xitong case.

Central Anticorruption Drive Analyzed

HK1405074195 Hong Kong MING PAO in Chinese
8 May 95 p b3

["Anticorruption Storm in Beijing" column article by Jo Fei (5387 7236): "Authority of Post-Deng Leadership Is Being Threatened"]

[FBIS Translated Text] According to the development of the new round of the "anticorruption storm" blown up by the CPC, it does not seem that "anticorruption" is merely some empty talk. Thoroughly eliminating corrupt officials is a move in compliance with the people's wishes.

However, some scholars said: The new round of anticorruption action was started when it was hard to advance the economic reform, high inflation continued, and there was a more obvious tendency of dissension and discord among the people. The authorities were determined to hold the anticorruption banner high and to blow the anticorruption storm against the background of a power struggle in order to consolidate their power and rebuild their popularity.

Jiang Zemin Arranged the Action Against the Beijing Municipal Authorities

The action against the Beijing municipal authorities was the key point and high tide of anticorruption work this year, but people have yet to watch the future developments carefully. After the 4 June Incident in 1989, the term "anticorruption" officially appeared in the Chinese newspapers and documents. Deng Xiaoping required the new CPC leadership to "calmly review the past, and also to consider the future." He demanded anticorruption work in order to "enable us to correct errors as soon as possible."

Before Jiang Zemin kept his power stable, he joined hands with Li Peng in carrying out economic readjustment and rectification, and in opposing peaceful evolution in order to show that "both hands were tough," but no substantial progress was made in the anticorruption aspect.

The economic readjustment and the campaign against peaceful evolution brought the economy to its nadir. In

1992, Deng Xiaoping halted the debate over the nature of "socialism" or "capitalism" for things in the reform, and called for testing new things boldly and daring to take risks. However, in the new round of reform and opening up, many officials in all parts of the mainland also launched a new round of corruption.

In 1993, Zhu Rongji started "macroeconomic control," and mainly rectified the monetary order. Action then was taken against corruption in the monetary and financial institutions, but no big tiger was attacked.

In the second half of 1994, macroeconomic control and reform, in fact, were bogged down in a dilemma. The authority of the central leading body was facing threats and challenges. Before the end of the year, Jiang Zemin began to arrange the investigations into the problems of some local officials, mainly investigating the Beijing municipal authorities, which had openly challenged Jiang Zemin and Zhu Rongji.

On 1 January 1995, at the new year tea party held by the National Committee of the Chinese People's Political Consultative Conference [CPPCC], Jiang Zemin said that anticorruption work would be an important and arduous task in the coming year.

In the leading body, Jiang Zemin assigned Wu Bangguo and Jiang Chunyun to share the routine workload with Zhu Rongji, and then told Zhu to concentrate on anticorruption work.

Zhu Rongji Prepared 100 Coffins for "Attacking Tigers"

Zhu Rongji not only acted positively, but also said openly at a party meeting: "We should tell the people throughout the country that we will first hunt tigers and then hunt wolves. We should prepare 100 coffins, with one for me. We can end in common ruin in exchange for a long period of stability and peace."

In mid-January, the CPC top leading body display a small part of its determination and ability by first dismissing Chongqing Vice Mayor Chen Yuanhu from office for his malpractice of taking 20,000 yuan of bribes, and then by executing Guo Jianmin, director of the Public Security Department of Guizhou Province, and Yan Jianhong, wife of the former secretary of the provincial party committee.

On 23 January, the Central Discipline Inspection Commission [CDIC] held its fifth meeting in Beijing. All members of the Political Bureau Standing Committee, with the exception of Qiao Shi, attended the meeting.

Jiang Zemin gave a lengthy speech at the meeting, stressing the need to consolidate the party politically

and ideologically, and to prevent and guard against the corrosive influence of decadent ideology and culture under the new situation of reform and opening up in order to maintain the advanced nature and purity of the CPC.

Wei Jianxing To Handle a Number of Major and Serious Cases

On 13 February, with the direct handling of the CPC Central Political Bureau, Zhou Beifang, son of former Shougang chairman Zhou Guanwu, was detained in Beijing and then officially arrested.

According to the confession of Li Min, former secretary for Beijing Mayor Li Qiyang, Zhou Beifang was found to be involved in the same economic criminal case after Li Min was arrested late last year. Before that, more than bureau-level 10 officials in Beijing municipal institutions were arrested.

On 16 February, Zhou Guanwu's "retirement" was announced by Shougang. On the same day, Li Peng briefed people attending the State Council's third anticorruption meeting on the Zhou Beifang case and other major economic cases under investigation. Li Peng said: Economic crimes and malpractices in law enforcement institutions still exist to a serious degree; the anticorruption task has not been completed. This year, leading cadres should be prompted to keep themselves clean and incorrupt, and should fulfill the five major tasks, including the handling of lawbreaking cases and the correction of unhealthy practices in various trades. The lawbreaking cases in the leading organs, in the law enforcement institutions, and in the economic management institutions must be resolutely handled without leniency.

After the session of the National People's Congress and the CPPCC in March, the Central Discipline Commission and the Ministry of Supervision held a meeting attended by the leaders of discipline inspection groups in central party and state organs, and by the heads of the supervision bureaus.

At that meeting, Wei Jianxing announced the CPC top leadership's decision on carrying out the anticorruption struggle to the death in order to achieve new results. He added: This year, a number of major and serious cases must be handled properly.

After the meeting, the CPC central leading body issued a document, requiring senior cadres to guard against the infiltration of hostile forces from outside the mainland, and to make preparations against big trouble by keeping unity.

Chen Xitong Took the Blame for the Wang Baosen Case and Resigned

At the same time, the CPC CDIC received an accusation letter transferred by leaders, and began to investigate Beijing Executive Vice Major Wang Baosen, who was in charge of financial and economic planning affairs. After learning of this, Wang Baosen shot himself to death before talking with the responsible CDIC officials.

On 26 April, after talking with Jiang Zemin, Chen Xitong, secretary of the Beijing municipal party committee, resigned from office. On 27 April, the Political Bureau accepted Chen Xitong's "resignation" and told the leading cadres of the Beijing municipal and the central organs about this. CDIC Secretary Wei Jianxing took over leadership of the Beijing municipal party committee, and indicated that the Wang Baosen case would be investigated thoroughly. According to sources in Beijing, Chen Xitong; his wife; and his second son, Chen Xiaotong; all were detained one after another by the procuratorial organ.

So far, this year's anticorruption action has shown that the CPC top leadership actually has been making great efforts to deal with corruption, and this action had against a certain background: It was hard to further advance economic reform, solve the problems with state-owned enterprises, curb inflation, restrain unemployment, and establish a perfect social insurance system within a short period of time; there is a growing tendency of dissension and discord among the people; the relationship between the central authorities and the local authorities could not be adjusted effectively; the overt and covert power struggle in the top leading body was going on because of the lack of an authoritative core; and all this led to political, economic, and social instability. At present, the problems in Beijing Municipality have brought about a new upsurge in anticorruption work, but it is hard to say how the state of affairs will develop in the future. According to the present situation, there are two possibilities:

As the first possibility, anticorruption work plays a certain deterring role, corrupt officials restrain themselves, the people are inspired, the central and local governments win support from the masses for their anticorruption action, Jiang Zemin really establishes his status of authority at the core, the power struggle comes to an end, and the threats to the post-Deng leadership are removed.

As the second possibility, the inner-party power struggle becomes intense owing to the contradictions aroused by the anticorruption action, and the masses become angry at the serious corruption of the Communist Party; this

leads to a new round of social, political, and economic unrest.

Both possibilities exist in reality, and the decisive factors exist in the intensity of the anticorruption action and in the efforts to win the support of the masses and the masses' actual reactions.

Series Examines Causes of Anticorruption Drive

Part One

HK1405082295 Hong Kong MING PAO in Chinese
9 May 95 p a2

[*Qiao Shi Recommends Wei Jianhang over Huang Ju; Jiang Zemin Runs Into Resistance in Personnel Reshuffles.* part one of the three-part series "Perspective on Beijing Anticorruption Storm" by special staff correspondent Fang Yuan (2455 0337) — first paragraph is editor's note]

[FBIS Translated Text] The "anticorruption storm" stirred up in Beijing in April seemed to have "subsided" in May; however, many inside stories have yet to be made known to the public. This series by our special staff correspondent, Fang Yuan, should help us understand the background of this eye-catching "clean-government storm."

The clean-government storm is generally seen as a carefully planned campaign launched by CPC General Secretary Jiang Zemin and his "Shanghai faction" to strike down his opponents and consolidate his position in anticipation of Deng Xiaoping's departure. However, informed sources in Beijing who know the inside story of the storm believe that this was a "skirmish" to which the Shanghai faction was called upon to react hastily. In this round, it is truer to say that Jiang Zemin acted defensively, in reaction to chance and "sudden" happenings, and failed to score complete victory. For example, Jiang Zemin did not arrange for Wei Jianhang to be Chen Xitong's replacement.

The source revealed that although Jiang Zemin and Zhu Rongji long had been dissatisfied with Chen Xitong and the Beijing municipal leadership, the "suicide" of Wang Baosen and Chen Xitong's "resignation for taking the blame" were not the result of their careful planning, but rather were "sudden happenings" that took them by surprise.

In a meeting toward the end of last year, the Central Commission for Discipline Inspection [CCDI] vowed to tackle 10 "major and serious cases" in 1995. In investigating an extraordinary fraud case involving 3.8 billion yuan, Jiangsu Province judicial authorities arrested the incumbent and former secretaries of a number of Beijing municipal leaders (later dubbed the

"secretaries incident"). Zhou Beifang, president of the Shougang International, was later arrested for his part in the case (all these people are being held in Nanjing, Jiangsu Province).

However, Jiang Zemin had no intention of starting a national "anticorruption storm." His ultimate objective remained the maintenance of stability. In a 5 January address, he still stated that the key to cleaning up corruption lay in "strengthening education in our outlook on life and value concepts." In internal speeches, he demanded that the media not highlight the "major and serious cases" in the anticorruption drive, and not stress the percentages of "county-, office-, and departmental-level cadres" being punished, lest this "provide people with an excuse." Guided by his thinking, the drive against corruption was not the focus for this year's "two sessions." A document released by the CCDI in March revised the focus for this year's anticorruption effort to "curbing the banquet craze" and strictly banning spending with public funds.

Wang Baosen's suicide, however, sent everything out of control.

Long before the "secretaries incident" and the "Zhou Beifang incident" in Beijing, the central authorities had formed a small group led by a trio: Wei Jianhang, first secretary of the CCDI; Luo Gan, State Council secretary general, and Wang Fang (former public security minister), chairman of the National People's Congress [NPC] Internal and Judicial Affairs Committee. This group, together with Chen Xitong, was to investigate the "major and serious cases" in Beijing. Beijing Executive Vice Mayor Wang Baosen was on their list for instructing a bank to lend 1 billion yuan to a private telecommunications company when he was in charge of finance and taxation. The three-men group had its first formal contact with Wang Baosen on 2 April. A second session was scheduled for the 6th, and a report was to be made to the Political Bureau Standing Committee on the 7th, but Wang shot himself on the 4th.

It was revealed that, after what had happened to Wang Baosen, Chen Xitong, retreating for the sake of an advance, led a "group of people" from the municipal government in offering a collective resignation. The central authorities rejected it. Thinking that the central authorities dared not touch him, Chen then spread word that "the Wang Baosen problem was his own..." and made public appearances to demonstrate his innocence. It is understood, however, that Jiang Zemin had decided to get him following the Wang Baosen incident. As CPC senior statesman Chen Yun died on 10 April and because NPC Chairman Qiao Shi was out of the country

on official visits, Jiang Zemin was unable to hold a Political Bureau Standing Committee meeting.

It is alleged that Jiang Zemin initially wanted Huang Ju, current Shanghai municipal party secretary, to be Beijing municipal party secretary. Jiang even had Huang Ju transferred back to the capital on the excuse of arranging for Chen Yun's funeral (Chen Yun had lived in Shanghai for a long time). However, Jiang's plan was opposed by Qiao Shi when he returned from the overseas trip. Qiao Shi actively recommended Wei Jianhang, and his recommendation was backed by the majority. We can see that Jiang Zemin did not get all that he wanted from the personnel reshuffle.

From 24 April onward, Jiang Zemin, Li Peng, and Hu Jintao talked with Chen Xitong for three days, hoping to get him to agree to an assignment outside the capital. Chen Xitong firmly refused and again suggested resigning.

On the afternoon of 26 April, Chen Xitong, after attending an opening ceremony for the Taiwan Investment in Beijing Municipality Trade Fair, went to Zhongnanhai and "resigned to take the blame." Chen did not return home that evening. The following morning, Jiang Zemin, Li Peng, and Hu Jintao summoned the chief leaders of the Beijing municipal party committee and government, and informed them of the decision. Hu Jintao and Wei Jianhang then went to the Beijing Municipal party committee and briefed district- and bureau-level officials on Jiang's and Li's speeches.

It was revealed that after Wang Baosen killed himself, the person in charge of the private telecommunications company that had received the loan, had stayed on in the United States, reportedly with tens of millions of yuan with him. Another informed person, a woman who maintained an obscure relationship with Chen Xitong, could not be found, thwarting the investigation.

Wang Baosen's family still refuses to accept the verdict that Wang "shot himself to death," and thinks that the possibility of homicide cannot be ruled out. The CPC high echelons are said to have decided to temporarily halt the personnel reshuffle in the Beijing municipal leadership. The results of the investigation into the case will not be made public until sometime later, when the incident has "cooled off."

Part Two

HK1405082595 Hong Kong MING PAO in Chinese
10 May 95 p b1

["Jiang Zemin Talks Secretly with Yang Shangkun for Four Hours; Crackdown on Corruption Expected To Ease in Order To Minimize Shock," part two of the

three-part series "Perspective on Beijing Anticorruption Storm" by special staff correspondent Fang Yuan (2455 0337)]

[FBIS Translated Text] A reliable source in Beijing revealed that two days before Chen Xitong's 26 April "resignation to take the blame" (that is on 24 April), CPC General Secretary Jiang Zemin paid an informal visit to former state President Yang Shangkun, during which the two talked for four hours. This was probably the longest conversation the two had had since the 14th party congress in 1992. Jiang's move was one of the many that have aroused considerable interest in the current crackdown on corruption in Beijing.

At the 14th party congress in 1992, Yang Baibing, Yang Shangkun's younger brother, was relieved of all his military positions and made the only CPC Political Bureau member "without portfolio." Yang Shangkun himself departed from the central leadership the following year when he passed the state presidency to Jiang Zemin. Since then, the outside world has seen the departure of the Yang brothers as the first victory for Jiang Zemin in consolidating his position. Jiang Zemin also has been working very hard in recent years to reshuffle personalities, very likely to eliminate the residual influence of the Yangs in the Army.

In Beijing, there are different interpretations of Jiang-Yang talks.

One is that in order to resolve the problems in Beijing Municipality, Jiang Zemin had been visiting all senior statesmen, including Deng Xiaoping and Yang Shangkun, details about which, however, cannot be known. One senior statesman, Peng Zhen, made a remark full of oblique references: "Don't go too far."

Another asserted that indeed there had been unusual developments in the Beijing Garrison on 25 April, but neither Liu Huaqing nor Zhang Zhen, two of the Central Military Commission vice chairmen, was in the capital. Next to Deng Xiaoping, Yang Shangkun was the most influential person in the Army. For this reason, Jiang needed to communicate with Yang on the possibility of using his influence to stabilize the Army.

The truth, however, is known only to Jiang and Yang; there is no way we can make a judgment. It remains to be seen whether the meeting will clear up the grudges between the two.

The current signs are that Jiang Zemin has no intention of "going too far" in the current crackdown on corruption. The national release of Chen Xitong's "resignation to take the blame" spread panic among the "overlords of fiefdoms" across the country, and telephone calls were made from provinces to the capital to get updates. In an

attempt to minimize the shock, Jiang Zemin has ordered that follow-up reports on the Chen Xitong incident, such as BEIJING RIBAO editorials and the reactions of Beijing cadres and citizens, be restricted to media in the capital and has banned central and provincial newspapers from picking up these reports.

It has been alleged that Jiang Zemin has good reason to eschew a high-handed approach. Apart from the panic among local overlords, the widening net of operations against corruption is beginning to worry Army generals, who are afraid that in-depth investigations into serious cases might compromise the interests of the Army. A number of princelings are watching Jiang Zemin intensely, saying: "Little did we expect that his action could be so ruthless."

Shortly before Jiang Zemin threw Chen Xitong out of power, there was news from Beijing that Zhuo Lin, Deng Xiaoping's wife, had attempted suicide. It is understood that Zhuo Lin usually took some sleeping pills before she went to bed. On a certain day in the second half of April, she was admitted to PLA Hospital No. 301 for an overdose of sleeping pills. She was in critical condition at one point, and the five sons and daughters of the Deng family were told not to leave the capital. All this was mistakenly seen as a sign that Deng Xiaoping was going to die, and it had overseas media on the lookout for news of the death. According to an authoritative source, although Deng Xiaoping has not been completely clear-minded [yi shi bu qing chu 1942 6221 0008 3237 2806], his health has been stable and there is no imminent danger. However, regardless of the truth of Zhuo Lin's suicide attempt, the fact that Jiang Zemin took a series of actions under these circumstances was enough to cause the perception that he was aiming his move at Deng Xiaoping. And this was seen as a gross transgression. Hence a school of theory asserting that though the Jiang Zemin-led "Shanghai faction" has gained something from the campaign, it also has paid a price.

It also has been revealed that Jiang Zemin sensed that the situation was not so favorable, and decided to "call it off after reaping some gain" so as to avoid sharpening the contradiction. It has been alleged that a few days ago, Shanghai Municipality instructed the municipal media to downplay or altogether avoid the "preferential policies" granted by the central authorities to Shanghai so as to neutralize any "negative impact." In an interview given to Japanese media in April, a leading person-in-charge of the Shanghai Municipal Government reacted with rage when asked to comment on the rumor about a "Shanghai faction": "Our figures showed us that since reform and opening up, many more cadres from Heilongjiang have been transferred to the

central authorities than those from Shanghai. Why has there never been a 'northeastern faction?' This rumor was spread with ulterior motive."

Names such as the "so-and-so faction" have become highly sensitive in China.

Part Three

HK1405082895 Hong Kong MING PAO in Chinese
11 May 95 p b1

["Beijing Scholars Comment on Future Political Developments," part three of three-part series "Perspective on Beijing Anticorruption Storm" by special staff correspondent Fang Yuan (2455 0337)]

[FBIS Translated Text] Among Beijing intellectuals and scholars, evaluations vary on the significance of the current "anticorruption storm" in Beijing and its impact on China's political developments in the post-Deng era. While their views differ or even conflict with one another, they more or less agree that the political situation for some time in the future can be summed up as follows: "The political situation is unstable, but the country will not suffer disruptions, and the Army will abstain from politics."

"The political situation is unstable" means that before the general situation shapes up, personnel reshuffles will continue, and high-level frictions may become "white-hot."

"The country will not suffer disruptions" means that as long as the foundation of political power is not shaken and there are no major economic upheavals, there will not be disruptions in the country.

"The Army will abstain from politics" refers to an established trend in which the Army seeks to keep itself neutral. Young generals will increasingly strongly resist being used as an instrument of political struggle. Even if a "4 June"-like situation should surface, the Army will try to stay out of it. The handling of riots within the country is going to rely more on the armed police force.

Dr Hu Angang, member of the National Studies unit of the Chinese Academy of Sciences, sees the current crackdown on corruption as an early move by Jiang Zemin, the core of the CPC leadership of the third generation, in his program of "active transition" toward the post-Deng era, which is aimed at turning his position from a defensive into an offensive one. The objective is to boost the legitimacy of his future rule.

Hu Angang pointed out that corruption is one of the challenges facing the post-Deng leadership. A successful cleanup hinges on the courage of the leaders to take

on vested interests. He said that after years of a "defensive strategy," the collective leadership of the third generation has finally "gone on the offensive."

Hu thought it only right that the current anticorruption drive should attack the symptoms as well as the root causes, going after serious offenses while pursuing institutional reform, without at any time jeopardizing social stability.

He laid special emphasis on the importance of institutional reform, being convinced that the fight against corruption will not go anywhere by relying on political campaigns. Instead, we should rely on institutional innovations and constraints, and on the balance of powers. Only institutional innovations can achieve a stable transition; the better the institution-building, the smoother the transition of power. This is the only option for maintaining stability in the post-Deng era.

The key to an institutional way of punishing corruption lies in the principle that no one is above the law, and that all offenses will be prosecuted, while judicial proceedings should not exceed the bounds set by the law.

Regarding the speculation by some scholars of a possible "De-Deng Xiaoping" trend in China, Hu Angang sees it as normal and advises people to "calmly accept" this reality.

He estimated that overall, the collective leadership of the third generation will continue to uphold Deng's line of reform and opening up, although the new situation will render appropriate theoretical revisions and adjustments unavoidable. Noting that "when the man in the house leaves, his tea will not remain warm long afterward," Hu Angang observed that this is how the system is supposed to work: Handover from the old to new personnel means precisely that "when the man in the house leaves, his tea will not remain warm long afterward."

However, another Beijing scholar, who preferred to remain anonymous, believes that the current "anticorruption storm" has revealed the contradictions within CPC high echelons, and that Jiang Zemin does not have enough political resources at his command. His move to pick off his opponents before Deng Xiaoping breathes his last and his failure to follow it through has "made sure" that contradictions will intensify after Deng is gone.

This scholar pointed out that the removal of Chen Xitong has broken the factional balance and put Jiang Zemin in a no-win situation. The probe, if continued, will lead to clashes with the "princelings," and even with the Army and senior statesmen. On the other hand, if he calls it off, he will be seen as going "in like a lion,

but out like a lamb," and will lose the little credit he has just won from the public.

This scholar described the populace as insatiable in their demands, applauding when Zhou Beifang was arrested, dissatisfied if punishment against him is too lenient, and always expecting the next one to be bigger each time a "tiger" is netted. The central authorities had dealt with the problem of Deng Pufang's Kanghua Company before "4 June," only to make the masses more dissatisfied and spur them on to the slogan of "down with official speculation." The crackdown on corruption is a double-edged sword, capable of hurting both the enemy and yourself.

The scholar, who knows CPC high echelons well, pointed out that there were factors that forced Jiang Zemin to get rid of Chen Xitong, one of which was Vice Premier Zhu Rongji. Obviously Jiang Zemin does not have sufficient political resources and prestige. For example, he cannot be absolutely certain of his command of the Army, while Liu Huaqing and Zhang Zhen, vice chairmen of the Central Military Commission, are old and poor in health. On the organizational and personnel fronts, Song Ping still wields enormous power. It is said that Song Ping took two full years to "hand over leadership" to Hu Jintao. Song Ping began the handover after he had resigned at the 14th party congress in 1992, but did not complete it until toward the end of last year. This will prove a fatal chink in Jiang Zemin's armor, as he has never been the president of the Central Party School and lacks control over the organizational system.

Wives Report Shanghai Dissidents Need Treatment

*HK1505090595 Hong Kong AFP in English
0842 GMT 15 May 95*

[FBIS Transcribed Text] Shanghai, May 15 (AFP) — Shanghai dissidents Yang Zhou and Zhang Xianliang are very ill in labour re-education camps and need outside medical treatment, their wives said Monday. "I saw him on Saturday [13 May] and his condition is not good at all. He is ill all the time," said Li Guoping, the wife of Yang Zhou. She said Yang, 51, was suffering from arthritis, high blood pressure and kidney stones.

Zhang's wife, Yan Huili, said her 50-year-old husband fell seriously ill on April 14 and suffers from heart problems, rheumatoid arthritis, high blood pressure and urinary tract infection.

Yan, who visited Zhang at a labour re-education camp in Shanghai's southwestern Qingpu county on May 9, said her husband was being taken to see a doctor every other day. "The doctor has recommended that he be admitted to hospital but (camp authorities) have refused to admit

him because they are afraid he will try to escape," said Yan, who was crying.

She said she had applied to authorities last month to allow her husband — who has been ailing since his detention two years ago — to come to Shanghai for medical treatment, but had received no response. "If by next month when I visit him they still do not admit him to hospital, I will bring my case to the people of the world," she said, adding that the next meeting of the World Trade Organisation (WTO) would provide a good opportunity for her to draw attention to her husband's plight. China is seeking global support to become a WTO member.

Li said her husband met the conditions set by camp authorities for those seeking medical treatment outside labour camps, which was that they must have at least two serious ailments. She added that her husband, who is being held in Dafeng in neighbouring Jiangsu province, had submitted an appeal against his sentence to the Huangpu District Intermediate Court on May 8.

Both Zhang and Yang are serving three-year sentences in labour re-education camps handed down administratively by police but do not have to do hard labour because of their poor physical condition. Zhang, a veteran pro-democracy campaigner, was arrested in June 1993 for allegedly "inciting incidents" and sentenced soon afterwards. Yang Zhou, who was the spokesman of the Shanghai-based Chinese Human Rights Association, was arrested in May last year and sentenced in October for allegedly inciting racial unrest and publishing reactionary materials.

Traditional Culture May Combat Moral Decline

HK1305074795 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 11 May 95 p 3

[Dispatch by reporter Wang Yongzhi (3769 3057 3112): "Chinese and Foreign Scholars Unanimously Argue That as China Has Entered a Period of Social Transformation, Chinese Traditional Culture Can Possibly Check 'Moral Degeneration'"]

[FBIS Translated Text] Beijing, 8 May (XINHUA) — Although the socialist market economy, as initiated by Deng Xiaoping, is supported by people across China, complaints about worsening moral standards are increasing daily. In the numerous arguments about this issue, Chinese and foreign scholars are nearly unanimous in their argument that traditional Chinese culture, represented by Confucianism is, after all, a good way of checking "moral degeneration."

Scholars maintain that the nonobservance of social norms, the moral decline, and the disintegration of the

traditional value system are currently the most nagging problems in Western countries. These phenomena are beginning to surface in China, and are a sign that China has entered a period of social transformation.

However, scholars specifically pointed out that the so-called "moral degeneration" is not caused by the market economy, but by the long abandonment of basic education on relevant traditional culture.

He Bochuan, vice professor of the Department of Philosophy at Zhongshan University, argued that China's real moral crisis occurred during the Great Cultural Revolution. That was precisely the time when China was most closed to the outside world and did the most severe harm to traditional culture.

"Regarding the question of how we can hold in check the new social problems occurring during the process of marketization, we must seek new cultural resources, and traditional culture is one of the important aspects," said Wang Hui, deputy research fellow of the Literature Research Institute of the Chinese Academy of Social Sciences.

Liu Mengxi, president of the Chinese Culture Research Institute of the Chinese Art Research Academy, said: "Any form of modernization is accompanied by the sorting out, integration, and return to tradition."

One of the embodiments of the return is the succession of sensational television series in recent years which stress traditional values, including "Yearning," the story of a woman who endures humiliation for a good cause, and a "Tale of the Three Nations," which eulogizes heroes in ancient China who set store by righteousness to the neglect of interests.

The call for traditional morals in the soil of China has had responses from throughout East and Southeast Asia.

According to a report, when the Vietnamese National Television Station showed the series "Yearning" not long ago, very few people could be found in the streets. The same thing happened when it was shown in Beijing in those days.

In a speech given at a meeting marking the founding of the International Confucianism Federation last year, Yuzo Mizoguchi, professor of Japan's Greater East Asia Culture University, said: "Facing the 21st century, Chinese Confucianism should assume the role of criticizing the paramount importance of economics in the world, and should oppose egoism and profit-seeking trends. It will demonstrate to the world that the moral principles stored up by China are the cultural heritage of mankind. These include kindheartedness, compromise, and Great

Harmony. The economic success of the East and South-east Asian countries in the last 20 years has drawn still more worldwide attention to Confucianism. The international community generally holds that these regions are not developing their economies at the price of their traditional cultures, but have strengthened the role of traditional cultures in integrating societies.

In contrast, in the latter half of the 1980's, the camp of the former Soviet Union and East Europe tried the Western democratic systems and economic patterns, but ended up with social shocks and economic imbalance. This reminds Chinese reformers that wholesale westernization means the loss of social order and of opportunities for development.

However, most scholars point out that while reflecting on radicalism and researching Chinese studies, one should not fan exclusionism and the tendencies to restore ancient ways.

Pang Pu, a noted scholar and research fellow of the Chinese Academy of Social Sciences, said: It has been a West-centered era in the past, but it will not change to an East-centered era in the future. The future will be an era of culture-blending, meaning the integration of modern Western experience with Eastern cultural tradition, and an era in which the fine points of Eastern civilization will be accepted in the West.

Gong Shuduo, president of the Department of History at Beijing Teachers' University, said: Whenever we talk about traditional culture, some people will come up with the kind of foolish filial respect criticized by Lu Xun long ago. He said: "One should filter out the backward stuff in tradition, and must not allow the seeds of absurdity to spread."

Nation To Start New Population Sampling Survey

*OW1305161695 Beijing XINHUA in English
1546 GMT 13 May 95*

[FBIS Transcribed Text] Beijing, May 13 (XINHUA) — China is to start a new one-percent population sampling survey on October 1, this year, according to an official in charge of population and family planning.

The survey aims to make clearer the total population and changes in its distribution, basic structure, living conditions so as to provide important scientific data for drawing up strategic targets and policies for China's social and economic development at the end of this century, Jiang Zhenghua, deputy minister of the State Family Planning Commission, said.

Jiang said that the one-percent census will be made in accordance with relevant laws and regulations and every

citizen has the responsibility to report things as they really are.

Jiang also urged the family planning departments at all levels to give support to the sampling survey.

This sampling survey will be another large-scale one following the fourth national population census done in 1990.

Science & Technology

Media Report on Lop Nor Nuclear Test

Spokesman Confirms Test

*OW1505073095 Beijing XINHUA in English
0725 GMT 15 May 95*

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — China conducted an underground nuclear test today, according to a statement by a spokesman of the Chinese Foreign Ministry here this afternoon.

China will cease nuclear testing once the Comprehensive Test Ban Treaty enters into force, the spokesman declared.

"On the question of nuclear test, China has always exercised great restraint. It stands for the complete prohibition and thorough destruction of nuclear weapons and has taken an active part in the Geneva talks on the Comprehensive Test Ban Treaty," the spokesman said.

"China has made it clear on many occasions that it will cease nuclear testing upon the entry into force of the said Treaty," he stated.

"In the meantime, China strongly calls upon other nuclear-weapon states to respond positively to China's proposal, expeditiously conclude, through negotiations, a treaty on the non-first-use of nuclear weapons against each other and reach an agreement on not to use or threaten to use nuclear weapons against non-nuclear-weapon states and nuclear-free-zones," the spokesman said.

More on Test

*HK1505071895 Hong Kong AFP in English
0659 GMT 15 May 95*

[FBIS Transcribed Text] Tokyo, May 15 (AFP) — China carried out a nuclear test on Monday, the Japanese foreign ministry announced here. A spokeswoman said the ministry had obtained confirmation of the test from the Chinese authorities.

The test occurred at around 0415 GMT, the ministry said, reporting that the location of the test was not

immediately known. It occurred only four days after 178 countries agreed on an indefinite extension extend the Nuclear Non-Proliferation Treaty (NPT). It also came on the heels of a visit to Beijing last week by Japanese Prime Minister Tomiichi Murayama, whose country — along with Australia and New Zealand — has been angered by China's nuclear tests.

China on Friday welcomed the NPT renewal, but stressed it should only be seen as a step towards global denuclearisation and not as an end in itself. Thursday's decision at the United Nations "is in the interests of all the signatory states," the Chinese foreign ministry spokesman had said, adding that it was an important step towards safeguarding world peace and security. However, the spokesman emphasised that indefinite extension of the NPT should not mean "allowing nuclear weapon states to keep forever the privilege of possessing nuclear arms." China is the only declared nuclear power which has refused to follow a moratorium on nuclear tests.

The Australian Seismological Centre in Canberra said it had detected a blast, presumed to be an underground nuclear explosion, that had occurred in China's Xinjiang province. It estimated the explosion to have a force ranging from 40 to 150 kilotonnes of TNT.

Qinghai Nuclear Base 'Retired' From Service

OW1505081495 Beijing XINHUA in English
0753 GMT 15 May 95

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — China's first base for research and production of nuclear weapons, in northwest China's Qinghai Province, was permanently retired from military service recently, sources here revealed today.

The base once made a historic contribution to the research and production of China's first atom and hydrogen bombs, sources said.

The place has been handed over to the jurisdiction of the local government. Its environmental rearrangement and clearance have reached the requirements of the country's regulations on environmental protection and passed state assessment, it said.

China Manufactures Spent Nuclear Fuel Containers

HK1205124795 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0730 GMT 11 May 95

[FBIS Translated Text] Beijing, 11 May (ZHONGGUO TONGXUN SHE) — According to news from the China Nuclear Industry Corporation, an important nuclear industry facility has manufactured—relying on its own efforts—the first batch of nuclear power used fuel

transport equipment—recently passed inspection and have been released from a factory in Dalian.

Used fuel transport containers are special containers for transporting used fuel. The fuel is unloaded from the reactor and allowed to cool down, then moved to a specified location; due to its unique safety requirements. Few countries in the world are able to produce these containers.

Last March, the Nuclear Safety Administration officially signed an approval letter for the safety of the design of the facility. During the phase of production and manufacturing, the Nuclear Safety Administration conducted stringent monitoring and supervision of the quality of the facility, and then tested and accepted the product produced by the factory. The product will be used to transport the used fuel from China's nuclear power stations.

University 'Successfully' Develops 'Maglev' Train

OW1205142495 Beijing XINHUA Domestic Service
in Chinese 0934 GMT 11 May 95

[By correspondent Li Wei (2621 0251) and reporter Xi Qixin (1153 0796 2450)]

[FBIS Translated Text] Changsha, 11 May (XINHUA) — China's first maglev [magnetic levitation] passenger train was recently successfully developed by the National Defense Science and Technology University.

This morning, after reporters and more than 20 test personnel mounted the train, the commander issued the order: "Start!" The train floated lightly, and when the driver pushed the "go" button, the train began to move forward steadily above the rail.

It has been learned that China is the sixth country that has successfully developed a maglev train after Germany, Japan, Britain, the former Soviet Union, and South Korea. This demonstrates that China's maglev technology research has joined the advanced ranks of the world. This type of train has been praised as a new means of communication in the 21st century. The National Defense Science and Technology University developed China's first small-sized maglev prototype in 1989, winning the cordial concern of central leading comrades. Jiang Zemin and Li Peng have personally inquired about research on the maglev train, urging the research personnel to earnestly study the development trends for this type of train. In 1992, research and manufacturing of maglev passenger trains was officially included in the major scientific and technological items of the state's Eighth Five-Year Plan.

The single bogie maglev train successfully developed by the university is 3.36 meters long and 3 meters wide.

The gauge is 2 meters wide. The train is equipped with eight suspension guiding electromagnets in four groups controlled by four sets of control systems. When stationary, its suspension weight is six tonnes. The gap between the rail and the train is 20 millimeters when stationary and 10 millimeters when in motion. It is capable of carrying 20 passengers. A single bogie is capable of suspending itself and moving forward independently. A maglev train can be organized by linking similar bogies together, covering them with outer shells to turn them into coaches, and equipping them with chairs. In theory, the speed of a maglev train could reach as high as 500 kilometers per hour.

At present, many countries have successfully developed maglev trains, but it is still at an experimental stage.

Lanzhou Institute Builds 'Advanced' Wind Tunnel

*OW1305011595 Beijing XINHUA in English
0044 GMT 13 May 95*

[FBIS Transcribed Text] Lanzhou, May 13 (XINHUA) — The Lanzhou Desert Institute under the Chinese Academy of Sciences has built an international wind tunnel laboratory, Chinese scientists said.

Major items of equipment and technology of the lab, which was initiated in this capital of northwest China's Gansu Province in 1967 and is now the country's only one for studies of sandstorms, has reached the advanced international level, scientists said.

Over the last 28 years, the lab has conducted studies on deserts, soil corrosion and sandstorms, and participated in more than 30 key construction projects, including the design of a railway connecting the Inner Mongolian Autonomous Region and Gansu province, a desert reclamation system and rehabilitation of the Loess Plateau.

The laboratory has combined field studies with indoor simulation tests in recent years, and has designed a smoke wind tunnel and outdoor wind tunnels. Scholars from a dozen countries and regions, including the United States, Australia and Japan, have been attracted to the lab for exchanges and co-operation.

Military & Public Security

Media Covers Jiang Zemin's Activities

Meets Army, PAP Units

*HK1505101095 Beijing JIEFANGJUN BAO
in Chinese 31 Mar 95 p 1*

[Article by reporter Jiang Yonghong (3068 3057 4767): "Chairman Jiang Zemin Calls On the Army To Do a Good Job in Strengthening Ideological and Political

Building, While Meeting PLA and PAP Cadres Stationed in Jiangxi and Hunan"]

[FBIS Translated Text] Changsha, 29 Mar (JIEFANGJUN BAO) — During his inspection tour of Jiangxi and Hunan from 19 to 28 March, Jiang Zemin, general secretary of the CPC Central Committee, state president, and chairman of the Central Military Commission [CMC], met with the People's Liberation Army [PLA] and People's Armed Police [PAP] cadres at or above the division level stationed in Jiujiang, Nanchang, and Changsha. In his talks, he called on officers and men to make joint efforts to do a good job in strengthening ideological and political construction.

Those accompanying Chairman Jiang at the meetings were General Yu Yongbo, CMC member and director of the General Political Department, and persons in charge of the relevant departments of the central government and state organs. General Gu Hui, commander of the Nanjing Military Region, and General Shi Yuxiao, political commissar of the Guangzhou Military Region, accompanied Chairman Jiang in Jiangxi and Hunan respectively.

Jiangxi and Hunan are the sacred places of the Chinese revolution. The red soil of the two provinces has recorded such glorious achievements as the 1 August Nanchang Uprising, the Sanwan Reorganization, the Jinggang Shan Revolutionary Base Area, the establishment of the Central Soviet area with Ruijin as the center, and five campaigns against "encirclement and suppression." Chairman Jiang pointed out: It was the people's armed forces led by our party which won our people's political power, to which countless revolutionary martyrs of the older generation contributed their blood and lives. The people's political power is hard to come by! Today, we also need to rely on the people's armed forces to safeguard and consolidate the people's political power. Army comrades must always bear in mind their heavy responsibilities.

After briefing the Army cadres on the developments and achievements of the whole country and the two provinces, Jiangxi and Hunan, Chairman Jiang said: On what do we rely to attain great achievements in reform and opening up as well as modernization drive? We rely on Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the correct guidance of the party's basic line, as well as the joint efforts of the whole party, the whole Army, and the people throughout the country. The party's basic line contains one basic point, that is, upholding the four cardinal principles. The four cardinal principles include upholding the party's leadership and the people's democratic

dictatorship. Our socialist democracy is fundamentally different from Western capitalist democracy. Our people's congress, and the system of multiparty cooperation and political consultation under the leadership of our party are a political system that suits China's national conditions best. It fully ensures that the people of all nationalities throughout the country can exercise their democratic rights. There are always some people in the West who want to impose their political pattern on us. We should maintain our vigilance against their plot. China is a large country which has an enormous population with 56 nationalities. From their own history and personal experience, the Chinese people have realized that thanks to CPC leadership, China has finally shaken off its semi-colonial and semi-feudal status and the Chinese people have become the master of their own country; and that only under CPC leadership can China develop into a strong, modern socialist country. Commanders at all levels in the Army should always consciously maintain the party's absolute leadership over the Army and firmly keep the gun in hands of the proletariat and the people.

Speaking of strengthening the Army's ideological and political building, Chairman Jiang pointed out: Since the Third Plenary Session of the 11th CPC Central Committee more than 10 years ago, under the guidance of Comrade Deng Xiaoping's thinking on army building in the new period, the Army has paid close attention and scored achievements in all fields of construction including ideological and political construction. Currently, reform and opening up as well as modernization construction are being deepened throughout the country. Under the new situation of accelerating the development of socialist market economy, still less should our Army

relax ideological and political construction or education in our glorious traditions. Strengthening ideological and political construction, promoting our glorious traditions, building strong and effective leading bodies at all levels including grass-roots party branches, and ensuring that the vast numbers of cadres and soldiers are competent both ideologically and politically and always preserve the political qualities of the people's constitute a major topic that requires the joint efforts of comrades throughout the Army, giving it full color and sound.

On the dike of Longwanggang in the suburb of Changsha, Chairman Jiang cordially met officers and men of the Changsha Garrison Command doing voluntary labor. Greeted by the officers and men, Chairman Jiang raised his voice to say: "You comrades have been working hard!" He then wielded a spade to grow soil with them.

Issues Presidential Decree

OW1305164195 Beijing XINHUA Domestic Service
in Chinese 2057 GMT 11 May 95

[FBIS Translated Text] Beijing, 12 May (XINHUA) — Presidential Decree No. 48 of the People's Republic of China

The "PRC Military Reserve Officers Law," adopted at the 13th Session of the Eighth National People's Congress Standing Committee of the PRC on 10 May 1995, is hereby promulgated for enforcement beginning 1 January 1996.

[Signed] PRC President Jiang Zemin

[Dated] 2 July 1991

General

Reform Blueprint for Next Five Years Mapped Out

OW1305151895 Beijing XINHUA in English
1448 GMT 13 May 95

[FBIS Transcribed Text] Beijing, May 13 (XINHUA) — A senior Chinese official said here today that the reform of state-owned enterprises will be emphasized till the end of this century in a bid to build a modern enterprise system, while strengthening macro-economic control.

At the on-going annual conference of the US Asia Society, Zhang Haoru, vice-minister in charge of the State Commission for Restructuring the Economy, noted that the reform will be supplemented by the reform of the social security system, cultivation of a market system and the change of government functions.

He released a blueprint for reforms in the next five years as follows:

- Strengthen the market mechanism and improve the macro-economic control system.

- Actively promote publicly-owned economy while encouraging the development of self-employed, privately-owned and foreign-invested sectors.

- Deepen reforms of the state-owned enterprises and speed up the establishment of a modern enterprise system.

- Accelerate the establishment of a new social security system.

- Straighten up unfair social income relations under the principle of giving priority to work efficiency while taking fairness into consideration.

- Promote the reform and opening up drive in China's central and western areas and speed up the development of backward areas;

- Deepen reforms in rural areas and orient agriculture to the market economy.

- Further accelerate the supplement and connection between domestic and international economies.

After reviewing China's development of reforms during the past years, Zhang said that in the next five years, China will basically finish the transformation from a planned economy to a market economy.

On strengthening macro-economic control, Zhang said that China is to emphasize the independent currency-policy-making capacities of its Central Bank under the leadership of the government, and help revitalize its basic industries, pillar industries and high-tech industries.

He said state assets will be concentrated in the fields like banks, railways, civil aviation, highways, ports, water conservancy projects, posts and telecommunications, weaponry, aviation and spaceflight, important machinery and electric products, and advanced electronics.

Some of these listed industries can draw supplement from nonstate-owned economic sectors and nongovernment assets. Besides, there will be a fair competition between economies of different ownership in manufacturing industry and service sector, said Zhang.

Meanwhile, China is to standardize individual income adjustment system, implement as soon as possible a system concerning the application of income taxes, set up a data network of individual incomes in large cities nationwide, and establish a social security system, according to Zhang.

He noted that China is to gradually increase investment in its central and western areas emphasizing education, health, science, technology, energy, communications, and telecommunications.

Zhang voiced that he has a "full confidence" in the success of the reforms.

Ministry Issues Guidelines on Commodities Supervision

OW1505095495 Beijing XINHUA in English
0836 GMT 15 May 95

[FBIS Transcribed Text] Beijing, May 15 (XINHUA)

— The Chinese Ministry of Internal Trade recently published guidelines for supervising commodities markets throughout the country in a bid to clarify government regulations and improve market order. "China Business Daily" reported.

According to the new rules, the government is entitled to directly or indirectly supervise businesses that are involved in the market, as well as market action, intermediate agencies, and all transactions.

It is also the government's responsibility to investigate all market irregularities that cause disorder, and to handle violations, in cooperation with the departments of industry and commerce, pricing, taxes, and technical supervision. It can also arrange appraisals of businesses.

The ministry plans to concentrate on three aspects in its market supervisory work in the second half of this year, the daily disclosed.

First, it will select major enterprises in key areas to look into pricing, quality, and after-sale service. Results of the investigation will be made public.

Second, it will strengthen regulations on intermediate agencies in accordance with existing rules on wholesale markets and auctions.

Third, efforts will be accelerated to work out unified national or regional market appraisal systems.

Report on Investigation Into 'Receipt Game'

HK1305071495 Beijing RENMIN RIBAO in Chinese
27 Mar 95 p 9

["Investigation and Report" column article by staff reporter Fu Changbao (0265 2490 3134): "A Shocking 'Receipt Game'"]

[FBIS Translated Text] Based on a reader's letter and clues provided by related departments, this reporter went down to Zhejiang's Pujiang County not long ago to investigate the case of Rui Guangzhe [5360 0342 3181], board director and concurrently general manager of the Zhejiang Tangdeng Joint-Stock Company, Limited (hereafter shortened to Tangdeng Company), who has organized and directly participated in the issuance of fraudulent special value-added tax [VAT] receipts for others. The Tangdeng Company used to be a second-grade state-owned enterprise, which was converted into a joint-stock company in December 1993, and engaged mainly in the manufacture and marketing of padlocks of various types. At the Tangdeng Company, this reporter saw that the entire workshop and office building were quiet, aside from a few guards chatting under the sun. An old staffer of the company told this reporter: The factory would not have been reduced to its present situation were it not for Rui Guangzhe and his ilk's playing the "receipt game!"

An "Omnipotent Factory" on Receipts

Effective 1 January 1994, the state implemented the circulation tax structure, with VAT as the mainstay, and with unified special VAT receipts as grounds for tax deduction. This means that a buyer may deduct the amount of tax recorded in the VAT receipt issued by a seller. Rui Guangzhe found a loophole in this practice, and called a special conference for the company's intermediate-level cadres which was devoted to studying how to take advantage of special VAT receipts to "create effects" for the company. He encouraged everyone to establish ties with other firms that would evade taxes by taking advantage of the VAT receipt, and the Tangdeng Company would issue receipts to them. In return, Tangdeng would charge a 3 percent "management fee" out of the proceeds as its own profit.

Between 18 January and 7 March (as recorded in the receipts), Rui Guangzhe personally made contacts and issued nine fraudulent special VAT receipts to

the Shenzhen Kefa Industrial Joint-Stock Company, Ltd.. The titles of goods were super-soft alloy watch cases, super-hard alloy watch cases, and modules — to a value of 8.586 million yuan — which were quite beyond the Tangdeng Company's ability to produce. As a result, Shenzhen Kefa got a tax reduction of 1.4596 million yuan, while the Tangdeng Company obtained 330,000 yuan in "management fees." On 24 March, through the efforts of Tangdeng Company Trade Union Chairwoman He Zhenli and a certain branch director, the company issued a special VAT receipt for Wenzhou Haitan Industrial Supply and Marketing Company to the tune of some 440,000 yuan. The title of the goods was "copper rods." The receipt helped the Wenzhou company to evade taxes of some 70,000 yuan (which has been recovered already.) On 20 May, the Tangdeng Company issued another special VAT receipt for the Zhejiang Native Produce and Animal By-Products Import and Export Company to the tune of 970,000 yuan for goods entitled: "ox-hide hunting boots." Relying on this receipt, the Zhejiang company managed to evade taxes of some 160,000 yuan....

Overnight, the Tangdeng Company became an "omnipotent" factory, which could turn out anything. As long as he offered money, whosoever would obtain, to his content, a special VAT receipt from the company, with specified titles of goods, sum, and date of sale. More surprisingly, Rui Guangzhe went so far as to give the green light to He Zhenli to take special receipts, which were under the accountant's charge, to Wenzhou, and issue them on demand. Based on initial statistics, between January and June 1994, the Tangdeng Company illegitimately issued some 230 special VAT receipts for some 100 enterprises in Shenzhen and Wenzhou, involving a sales volume of 20 million yuan, from which the company illegitimately obtained some 900,000 yuan in "management fees." Should no redeeming measures be taken, those receipts would cause a direct loss of some 4.6 million yuan in tax revenue for the state.

On 10 January 1995, Rui Guangzhe and his ilk were apprehended by the local procuratorate on the charge of speculation. Their dream of creating income eventually went bankrupt.

Reset With Internal and External Difficulties, They Became Reckless

It has been learned that Rui Guangzhe had been assessed as "Zhejiang's Fine Young Director," and one of "the Ten Best Young People of Pujiang County." How then did such a fine entrepreneur, with a halo around his head, go astray?

When the Tangdeng Company was first organized and founded, Rui Guangzhe and his ilk were over-optimistic

about the situation. They set the target of creating 5.18 million yuan in profits for 1994, and raised funds through various channels. Eventually they succeeded in collecting equities from 30-odd legal entities, in addition to equities in terms of some 3 million yuan from individual workers and staff members. Based on the Tangdeng Company's strength, it was entirely impossible for the company to fulfill its profit target of 5.18 million yuan (in actual fact, the company's profit in 1994 was only 2.85 million yuan, including its illegal income of 900,000 yuan). However, as the equities already had been contributed, if the company could not make good on its plan for profit, it would fail the shareholders. Then the Pujiang County Finance and Taxation Bureau never changed its method of taxation target control in the wake of the Tangdeng Company's converting its mechanism. In 1994, the bureau set a target of 2.2 million yuan in taxes on the company, and the part exceeding the actual tax created would be returned to the enterprise (the state did not advocate such a practice; but many localities believe it to be the best way to support enterprises.)

The doubled pressure of profits and taxes gradually told on Rui Guangzhe, and he did not want to allow his image as an able entrepreneur to fade. Consequently, he became reckless, and fixed his eyes on the state's newly implemented taxation system, and decided to do some little trickery on receipts — "cutting the ground from under the feet of the state so as to consolidate one's own position."

In addition, the existence of "buyers" of special VAT receipts was another important cause for Rui Guangzhe's choosing that stupid move. This reporter learned from an procuratorial organ that this case involved many counties and cities in Zhejiang. In addition, some enterprises in Shanghai, Kunming, Nanchang, and Chengdu also "purchased" receipts issued by the Tangdeng Company. Most of those enterprises that illegitimately sought receipts from the Tangdeng Company were nongovernment-run enterprises, along with some collective-owned enterprises and a few local enterprises.

Why Did the "Receipt Game" Work?

The fermentation leading to the implementation of Rui Guangzhe's criminal activities was a process, during which related personnel in the Pujiang County financial and taxation department played a role that was hardly honorable. According to Rui Guangzhe's confession, on several occasions in early 1994, he sought advice from a responsible person of the county financial and taxation bureau, saying that he would like to work on the special VAT receipts, but the responsible person told him that

the bureau was not sure about the issue, and said that they "may try it" under the condition that it would not affect the local economy.

According to the new taxation system, when special VAT receipts were used to check taxes, the income and spending of the enterprise must correspond to each other, and every item in spending must be accompanied by a corresponding record of receipt for income. However, in the receipts of 27 million yuan-worth assorted sales of the Tangdeng Company, none of the receipts for income corresponded to them. A comrade of the State General Administration of Taxation — Circulation Tax Administration First Department told this reporter that it was unthinkable that the financial and taxation department should have failed to detect any problem in a period of six months. He had no idea how the local taxation department had been doing its job! According to the taxation law, VAT should be calculated every month, and they should have discovered problems in the very first month. Besides, if receipts for income from the sales volume of 27 million yuan were absent, the Tangdeng Company should have to pay taxes in terms of 4.59 million yuan to the local taxation bureau (at a tax rate of 17 percent) according to regulations, and that figure would be more than fivefold the 900,000 yuan profit derived from "selling receipts." When related workers of the Pujiang County Finance and Taxation Bureau answered the question of how they had been doing their job, they said that because the Tangdeng Company was the county's backbone enterprise, and they had all along been quite at ease with the company's management of receipts, they had never expected the company to become problematic.

This reporter learned from the local procuratorial organ that around last July, the Pujiang County Finance and Taxation Department forged a "Notice on Being Uncovered for Violating Taxation Law," with the date under the signature being late May so that it might help Rui Guangzhe be exempt from criminal responsibility. They did it on the grounds that the "Regulations by the Supreme People's Court, and the Supreme People's Procuratorate on Laws Applicable To Handling Criminal Cases of Counterfeiting, Speculation, and Theft of Receipts" last June, which stipulates that rulings on cases in this category that had been dealt with prior to 3 June 1994 would remain unchanged, whereas all cases uncovered after 3 June 1994, would be dealt with under the charge of speculation.

New Shougang Leaders Deny 'Allegations'

HK1305065695 Beijing ZHONGGUO XINWEN SHE
in English 1332 GMT 12 May 95

[FBIS Transcribed Text] Beijing, May 12 (CNS) — The Capital Iron and Steel Company, also known as Shougang which underwent personnel change in mid-February this year, is now under full-scale adjustment involving production, management, construction and policy. The modern complex whose steel yield takes a national lead is now in normal operation with a sound business performance.

Steel production grew at a steady pace between last January and April with iron output of 2.28 million tonnes, a gain of 7.4 percent, and steel materials of 2.13 million tonnes, a rise of 10 percent over the same period last year, according to a meeting convened by the municipal government at the complex.

Speaking on major adjustment being carried out in the iron and steel enterprise, the party committee secretary newly appointed to Shougang, Bi Qun who is also Vice Minister of the Metallurgical Industry, said that the adjustment included a sharp cut of inventory, meeting the market demand, exploitation of new variety of steel material, shrinking the scale of basic construction and stopping construction of ten items. As a result, some RMB [renminbi] 10 billion was saved.

The general manager of the company, Luo Bingsheng, clarified overseas allegations which said that Shougang was locked in serious chain debt with losses. Mr. Luo noted that cash revenue obtained by the company registered a sharp growth between last January and April which accounted for 82.5 percent of sales revenue last March. The company saw a cash revenue of RMB 1.55 billion last April. Chain debt originally shouldered by the company showed a big decline compared with early this year.

The mayor, Li Qian, and the executive deputy, Zhang Baifa, gave final approval to two items undertaken by the company and lent support for further development of the steel company.

Mr. Luo talked of Zhou Guanwu, the former head of the company who went into retirement early this year, and said that the 77-year-old Zhou was healthy, contrary to the overseas allegations that he fell sick. Mr. Zhou takes a walk in a park every day and he is also preparing to write his memoirs, according to Mr. Luo.

Private Companies Launch Campaign To Aid Poor Areas

OW1505030095 Beijing XINHUA in English
0249 GMT 15 May 95

[FBIS Transcribed Text] Zhengzhou, May 15 (XINHUA) — Since April 1994 some private companies in China have launched a campaign to help underdeveloped areas open up their local natural resources and build factories.

Jing Shuping, chairman of the All-China Federation of Industry and Commerce, said that the campaign, referred to as the "glorious undertaking", is being done using non-governmental methods.

During a meeting they held in April 1994, 10 entrepreneurs proposed that private companies across the country train 1,000 persons for poor areas, undertake 100 projects, and develop 10 kinds of natural resources in those areas annually before the end of the century.

Statistics released by the federation show that some 2,600 private companies from across the country have thus far become involved in the campaign.

To date, they have spent a total of 360 million yuan on 300 projects.

The Sida Group in Central China's Henan Province, and a pharmaceutical factory in Luoshan County in Henan, have been jointly producing traditional Chinese medicines using locally-gathered ginkgo tree leaves as raw material.

The group has spent 25 million yuan on the project, adding 120 million yuan in industrial output value a year to Luoshan, one of the poorest counties in Henan.

The Xiwang (Hope) Group in Chengdu, Sichuan Province, has spent 47 million yuan building three factories in underdeveloped mountainous areas in Sichuan, Guizhou, and Henan Provinces.

At least 90 percent of the 80 million rural residents living below the poverty line live in central and western China, which has abundant coal, petroleum, natural gas, metallic ore, and other natural resources.

The Chinese Government has vowed to solve the food problem for the 80 million rural poor before the turn of the century.

Kong Fanqi, vice-chairman of the Henan Provincial Chamber of Commerce, said that by participating in the campaign private companies can help local people become prosperous and increase local production.

In April 1994, for example, the Sida Company in conjunction with other companies in Henan Province

set up a winery and began to help local farmers grow grapes on 1,300 hectares. It earned 10 million yuan from the sale of wine in 1994.

By expanding the wine-making industry, the company has provided 20,000 jobs for local people, helped 1,000 rural families climb out of poverty, earning three million yuan in profits in the process.

Beijing Cracks Down on Fake Pharmaceuticals

*OW1405044795 Beijing XINHUA in English
0350 GMT 14 May 95*

[FBIS Transcribed Text] Beijing, May 14 (XINHUA) — China has clamped down 36 illegal medicine markets in the past six months since last October when the country launched nationwide campaign on cracking down on manufacturing and sale of fake pharmaceuticals, according to official sources here.

Zheng Xiaoyu, Director-General of the State Pharmaceutical Administration, said recently that 6,451 unlicensed pharmaceutical stores were shut down and 21 illegal vendors were punished according to laws and regulations during the period.

The clampdown followed the issuing of an urgent notice by the State Council, China's highest governing body, on strengthening management of pharmaceuticals last September.

According to the official, 11,309 batches of fake medicine, valued at 20.22 million yuan, have been seized since then. Licenses of quite a few sellers of fake pharmaceuticals were revoked during the period.

Zheng pointed out that the task of tracking down on shoddy medicines was still "arduous" and vowed to carry on the drive.

Experimental Zone of Offshore Oilfield Operating

*OW1205142295 Beijing XINHUA in English
1415 GMT 12 May 95*

[FBIS Transcribed Text] Tianjin, May 12 (XINHUA) — An experimental zone of China's largest offshore oilfield, the Suizhong 36-1 Oilfield on the Bohai Sea, started production today.

Located in the Liaodong Bay in the Bohai Sea, the oilfield is about 46 kilometers east of Suizhong County in Liaoning Province. It has a total oil reserve of about 300 million tons, covering an area of 24 sq km, which is the largest offshore oilfield so far in China.

Composed of two parts, the experimental zone has an overall acreage of 6.55 sq km, with a total oil reserves of about 50 million tons. It is expected to pump about eight million tons of oil in the next 15 years.

Discovered in 1987 by the Bohai Oil Company, the Suizhong 36-1 Oilfield is said to be the most complicated one. The experimental zone was developed in September 1988 and the first part started to spur oil in August 1993.

Eight other zones will be drilled following the experimental zones, officials said.

Finance & Banking

Restructuring at Shanghai Stock Market Nears End

*OW1205130895 Beijing XINHUA in English
1240 GMT 12 May 95*

[FBIS Transcribed Text] Shanghai, May 12 (XINHUA) — The prolonged restructural mood at the Shanghai Stock Exchange seemed to be lessening as both price indexes and the trade volume shot up significantly today, the last trading day of this week.

The exchange's All Stock Index today opened at 567 points and went up steadily to the day's high of 592 before it eventually closed at 584.83, which was 16.77 points higher than on Thursday.

The closing index was also 10.67 points, or 1.85 percent, higher than that of last week, when the market was basically in a typical restructuring period.

This week's total trading volume of A shares, reserved for domestic investors only, amounted to 1.739 billion yuan (207 million US dollars), 57.4 percent more than in last week. The trading volume today reached 781 million yuan (93 million US dollars), four-fold the figure for Thursday.

During the four trading days this week, the index fluctuated in a band of 30 or more points, which is small in the absolute sense but still larger than last week's 10 points.

Experts said that the index, which was hovering around 570 points for three consecutive weeks, has almost hit the bottom and will likely bounce back.

They noted that a number of technical indicators are in favor of such a rebound, which is expected to be buttressed up by market stimuli, such as an official ruling that the bonus shares for government stocks and legal person stocks can not be listed before the year ends.

However, analysts said that, overall, the stock market has been overshadowed by the brisk bond market, which is believed to have drawn a lot of investment from otherwise share buyers.

The index for B shares, which are open to overseas investment only, closed at 51.81 points today, up from 50.39 points on May 5, the last trading day of last week.

The daily trading volume of B shares this week reached more than 20 million yuan, almost double the amount during last week.

Trading Suspended on Shanghai Bond Futures Market

*HK1305055895 Hong Kong EASTERN EXPRESS
in English 13 May 95 p 25*

[By Wang Xiangwei]

[FBIS Transcribed Text] In an event mirroring the recent bond futures scandal involving Shanghai International Securities, Liaoning Guofa Investment yesterday forced the closure of the Shanghai bond futures market when it was caught manipulating prices. The Shanghai Stock Exchange suspended trading and ordered members to cut-in half their holdings of treasury bill futures contracts by squaring long and short positions among themselves. The Exchange said that free trading would be suspended pending further notice, but did not give any reason for the suspension.

Traders said that Liaoning Guofa Investment, or Liao Guofa, dumped more than 220,000 contracts on the five-year bills issued in 1992 in a massive short-selling move on Thursday. That resulted in several members exceeding the holding limit on futures according to a rule introduced after a similar scandal closed the market for one week in February. At that time, Shanghai International Securities, China's largest brokerage, was caught price-rigging in a heavily traded bond futures contract. As a result, the chairman and president of the brokerage have been forced to step down.

Officials from the exchange and Liao Guofa were not available for comment yesterday. However, traders said that Liao Guofa, a brokerage formed by local financial institutions in the northeastern Liaoning province had been "a super player" on the volatile bond futures market for a long time.

Analysts said last night that the latest event again demonstrated the speculative and volatile nature of the bond futures market in Shanghai which has been rocked by a series of scandals. It might incur further wrath from Beijing where Zhu Rongji, the executive Vice-Premier, who is not a fan of bond futures, has openly denounced bond futures trading as speculative and stoking inflation. Wei Wenyuan, the president of the Shanghai bourse, is also expected to come under mounting pressure to resign. Since the bond futures scandal, which almost

sank Shanghai International in February, Wei has been rumoured to be on the way out.

On Thursday, turnover on the treasury bill futures market was Rmb 51.5bn (about HK\$47.54) compared with Rmb 33.926bn on Wednesday. However, no figure on actual volume on the day has been published, and traders suspect that the exchange would probably cancel some of Thursday's trades.

Yesterday, the exchange notice said that all members must square one half of their contracts during the day, regardless of whether they were above or below the limit. The exchange said it would force compliance if necessary, it said, adding that no new positions can be built until a further announcement is made. "If any member violates this notice and builds new positions, the exchange will indefinitely suspend its right to trade futures," it said.

However, the notice sparked anger and confusion since it penalised both good and bad brokerages, traders said. "This is ridiculous," one trader said. "Each time a big company violates the regulations, everybody suffers." An analyst with a Chinese brokerage said that the exchange's move again proved the market is far from regular. "There will be a long way to go to standardise the market," he said.

More on Suspension

*OW1305130295 Beijing XINHUA in English
1231 GMT 13 May 95*

[FBIS Transcribed Text] Shanghai, May 13 (XINHUA) — The Shanghai Stock Exchange (SSE) decided to suspend treasury bond futures trading for a second time this year on Friday [12 May] and ordered traders to greatly unwind their positions, according to an exchange circular.

The decision was made to "effectively control potential risks at the market", said the circular, which did not specify the date when trading would be resumed.

The circular stipulated that all member companies must cut their positions to half of Thursday's holdings on Friday, or the exchange would act to unwind their positions by force.

Member firms would be disqualified from futures trading indefinitely and dealt with severely if they would continue to violate regulations by building new positions, the circular noted.

The "Shanghai Securities" newspaper reported today that both the long and short positions were "actively responsive" to the circular.

More than 400,000 lots of contracts were offset on Friday. One lot is worth 20,000 yuan (2,380 US dollars).

According to the report, the number of bond futures positions of several member companies has greatly exceeded the ceiling imposed by the exchange, which is 30,000 units.

The members being investigated might be punished dearly, the report said.

The exchange has fined at least four member companies this month because of illegal short-selling on the spot bond market.

In February, free trading was suspended for one week when China's largest brokerage, Shanghai International Securities, attempted to rig prices by selling massive short positions in a rising market.

Shanghai Resumes Trading

OW1505042295 Beijing XINHUA in English
0336 GMT 15 May 95

[FBIS Transcribed Text] Beijing, MAY 15 (XINHUA) — The Shanghai Stock Exchange (SSE) has decided to resume today trading in treasury bond futures, which was suspended last Friday [12 May] for the second time this year, according to SHANGHAI SECURITIES NEWS.

The action had been taken to "control potential risks found in the market," the newspaper said.

Last week the SSE issued a circular demanding that brokers cut their holdings to half of last Thursday's by the following day, and said that they would be disqualified from futures trading and would be fined if they were to continue to violate regulations by taking new positions, the newspaper said.

The SSE has fined at least four brokers this month because of illegalities in selling short on the spot bond market.

The amount of trading of several brokers greatly exceeded the ceiling imposed by the exchange, which is 30,000 units.

The newspaper also reported that to strengthen supervision over the treasury bond futures market, the SSE in the near future will use a new computer data system.

In February, free trading was suspended for one week when China's largest brokerage, Shanghai International Securities, attempted to rig prices by selling a large number of short positions in a rising market.

Bankers Hail Commercial Bank Law

OW1205131995 Beijing XINHUA in English
1259 GMT 12 May 95

[FBIS Transcribed Text] Beijing, May 12 (XINHUA) — Heads of major Chinese banks expect the birth of the commercial bank law, a landmark in the country's banking history, will speed up their commercialization process and regulate banks' operational activities.

They said that the law provides legal basis for Chinese banks' operational autonomy and defines clearly the relationships between the government and banks, the banks and enterprises.

The law, which was approved Wednesday by the Standing Committee of the National People's Congress and is to become effective as of July 1, stipulates that banks' operation shall not be interfered with by any organizations or individuals.

"That is to say that no one can meddle in our lending policies," said Zhang Xiao, President of the Industrial and Commercial Bank of China. "The law provides a legal weapon for us to protect banks' own interests. However, we will conscientiously accept the supervision of the central bank."

President of the Bank of China (BOC) Wang Xuebing said that though BOC is experienced in foreign exchange business and international account settlement, as an international bank, it has left much to be desired in internal management compared with world standards.

"The promulgation of the law will greatly improve BOC's legal environment and makes it convenient for us to expand our international business and our cooperations and exchanges with world financial institutions," said Wang.

President of the People's Construction Bank of China Wang Qishan pointed out that it has proved that credit limit control is not effective in scaling back money supply.

"Implementing asset-liability management has become a must and it is one of the preconditions for Chinese banks to operate in the way the real commercial banks do," he said, adding that the new law might help in this regard.

All these bankers agreed that to pursue commercialization of banks, it is imperative to reform their current management modes.

"Chaos in inter-bank lending market and raising or lowering interest rates at will by some banks shows that some Chinese banks still lack self restraint capability,

therefore it is necessary to tighten financial supervision," said Wang Qishan.

The commercial bank law puts emphasis on central bank's supervision role, while helping regulate commercial banks' behavior, Wang noted.

China now has 15 commercial banks. To establish an effective banking system, the Central Bank will approve "a couple of" new commercial banks within this year, according to sources from the People's Bank of China.

Industrial, Commercial Bank Head on New Law

HK1405061995 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 14-20 May 95 p 3

[By Zhang Yuan: "ICBC Rushes Commercial Transition"]

[FBIS Transcribed Text] The Industrial and Commercial Bank of China, the country's leading savings bank, has pledged to speed its transformation into a strictly commercial bank.

The move is backed by the country's first commercial bank law, passed by the National People's Congress Standing Committee on Wednesday and effective nationwide on July 1.

Industrial and Commercial Bank of China (ICBC) President Zhang Xiao said the law holds great meaning for ICBC — a State-owned specialized bank — in its transition to a commercial bank.

The law provides a legal framework for standardizing activities of commercial banks and guaranteeing that they operate according to the principles of a market economy.

For the first time since 1949 the law provides legal stipulations on the nature, duties and responsibilities, business scope operational principles, supervision and management of Chinese commercial banks, Zhang noted.

On this legal basis, ICBC will focus efforts in four major areas this year, Zhang said.

ICBC will first establish and perfect a system of autonomy in operation and management, shouldering business risks and responsibilities for profits and losses, and exercise self-control to ensure assets safety, smooth capital flow and profitability.

To do so, ICBC will strengthen internal management, perfect its business operation regulatory system and standardize business activities according to the commercial bank law, Zhang said.

Second, ICBC will use the law as a legal shield to protect the interests of its depositors and clients.

According to the law, commercial banks are able to refuse requests by individuals or units to investigate, freeze or transfer accounts of other individuals or units, except in cases outlined in special laws or government regulations.

"Protecting the interests of depositors and other clients is one of the most basic duties of a commercial bank," Zhang said, adding that ICBC now has 370 million individual depositors and 8.1 million work-unit and institutional account holders.

By the end of January, ICBC's total deposits reached 1,159 billion yuan (\$138 billion), of which 718.2 billion yuan (\$85.5 billion) were personal savings.

ICBC will also use the law to safeguard its own legal interests.

Commercial banks including ICBC have the right to refuse any units or individuals who force them to provide loans and guarantee services, Zhang said.

In the past, local authorities or officials in some instances were able to order banks to provide loans to inefficient firms, resulting in an increase of bad loans and adversely affecting banks.

And ICBC will follow the provision of the commercial bank law putting it under the supervision and management of the People's Bank of China — China's central bank.

According to the requirements of the central bank, ICBC will provide financial and accounting materials, business contracts and other information concerning operation and management to help the central bank maintain sound financial order in the country, Zhang said.

Major Banks Repay Central Bank's Refinanced Loans

OW1405123795 Beijing XINHUA in English 0911 GMT 14 May 95

[FBIS Transcribed Text] Beijing, May 14 (XINHUA) — Major Chinese banks are paying back refinanced loans to the People's Bank of China (PBC), the country's Central Bank, in response to its tightened monetary policies.

Sources from the Bank of China (BOC), the country's biggest foreign exchange dealer, said that up to last weekend, BOC has repaid 10 billion yuan to the central bank, doubling the central bank's projected figure to withdraw refinanced loans from the bank during the first half of 1995.

The People's Construction Bank of China (PCBC) has paid back 2 billion yuan in the January-April period.

But an official with the biggest capital construction bank assured that there would be "no problem" for PCBC to fulfill the loan repayment of five billion yuan demanded by the central bank.

PCBC last year cleared up 16 billion yuan of its debts to the Central Bank, contributing greatly to the country's anti-inflation efforts.

Withdrawing refinanced loans from the state banks has become one of major means for the PBC to reduce money supply and cut money stocks built over the past few years. It plans to withdraw 30 billion to 50 billion yuan from refinanced loans in the first half of this year.

Although the Central Bank has witnessed a sharp increase in individuals saving accounts and a considerable amount of cash withdrawn from circulation, the money supply, the most important indicator of China's financial situation, kept staying high as 35.9 percent during the first quarter of the year.

The excessive money supply has aroused Central Bank's concern, and its vice governor Chen Yuan vowed last weekend to place stricter control over credits and lendings.

Observers here said that the credit squeeze expects to remain throughout the year since the current financial situation still leaves much to be desired.

Interest Subsidy for Term Deposits Rises

*OW1305072195 Beijing XINHUA in English
0706 GMT 13 May 95*

[FBIS Transcribed Text] Beijing, May 13 (XINHUA) — The annual subsidy rate for three-year and over Chinese savings deposits due this June is 12.92 percent, up from 12.27 percent for those due this month, according to a central bank announcement on Thursday [11 May].

The inflation-beating subsidy rate, known as "kicker", is calculated on the basis of a general index of retail prices published by the State Statistics Bureau and is paid on top of the normal interest rates for medium and long-term deposits to counter the ravages of inflation, which skyrocketed to 21.7 percent in 1994.

The current normal interest rate is 12.24 percent for three-year deposits, 14.94 percent for five-year deposits, and 17.64 percent for eight-year deposits.

The latest announced subsidy means that the interest rate for the three deposits will be 25.16 percent, 27.86 percent and 30.56 percent, respectively.

State Council Authorizes Test for Professionals

*OW1405083495 Beijing XINHUA in English
0743 GMT 14 May 95*

[FBIS Transcribed Text] Beijing, May 14 (XINHUA) — A unified national exam system will soon be introduced to ensure China's young securities industry has qualified professionals.

The State Council's Securities Committee has authorized its executive body, China Securities Regulatory Commission (CSRC), to set qualification exams for people involved in securities flotation, investment consultation, securities brokerage and securities software engineerings.

Besides granting qualification papers, the CSRC also has the right to suspend or revoke the professional certificates.

The system is to start working as of July 1 this year. People doing securities business without CSRC certificates will be gradually phased out of the industry, according to a set of provisional regulations released by the State Council's Securities Committee here today.

The provisional regulations said that CSRC will register those who have passed the exams and have their names made public.

It stipulates that people in the industry can not obtain jobs at two or more securities-related firms at the same time.

Those who fail to find jobs in securities firms within 18 months after they get the CSRC certificates will see their papers automatically annulled [as received], the regulations note.

The Chinese securities authorities have placed standardization before market expansion. The CSRC said recently that the primary task for the fledging market is to perfect its current legal framework and bring the market operations in line with international practice.

Supervision of market has been therefore tightened with the Shanghai Securities Exchange having punished several regulation-violating cases in bond trading over recent two weeks.

Commentary Welcomes New Commerical Banking Law

*HK1405060995 Beijing CHINA DAILY in English
13 May 95 p 4*

[CHINA DAILY Commentary: "Banking Reform in Focus"]

[FBIS Transcribed Text] Nearly two months after issuing the Law on the People's Bank of China, the Standing

Committee of the National People's Congress passed the Commercial Bank Law on Wednesday.

The nine-clause and 91-article law will go into effect on July 1.

As China's top lawmaker Qiao Shi says, the law will play an important role in guaranteeing the banking system's current market-oriented reform.

It plays a very important role in the construction of the country's financial market's legal structure.

Last year, China began improving the banking system as one major part of its macro-economic reform plan.

It mainly aims to turn the People's Bank of China into a real central bank and reform specialized banks into commercial varieties.

While the Law on the People's Bank of China targets the first goal, the new bank law focuses on the second.

The issue of the new bank law is another milestone on the way of embracing a market economy.

An initial framework of commercial banks has been set up as an important step in banking reform. But the former specialized banks remain on the threshold of commercial banks.

The new law will help push them into commercial banks in a real sense by defining their legal status, rights and responsibilities in line with international norms.

The law stipulates that commercial banks implement a system of autonomy in operation and management, shouldering business risks and responsibility for profits and losses.

This pinpoints the very goal of commercial banks reform and protects the rights and interests of commercial banks.

So far, commercial banks somewhat have operated like government accountants — a hangover from the role it once played under the traditional planned economy.

The central bank lacks effective methods to supervise the behaviour of commercial banks. They complain about administrative interference into their business.

These have posed problems for monetary stability.

Drawing on the experience of advanced economies, the new bank law writes out the guidance for commercial banks to avoid any chaos in this area.

To correct irregularities in banking, the law states that commercial banks, especially those owned by the State, must exercise strict control over credit level and have all lending backed by a guarantee.

Commercial banks are forbidden to get involved in unethical competition or to damage the State or the public interest, it says.

While inflation hasn't eased yet, the issuing of the new law is significant and timely. It's designed to help the government stop price rises by standardizing the activities of commercial banks.

Moreover, the new bank law forbids infringement of depositors' rights. It maintains that business between bankers and clients must be conducted in a spirit of equality, lack of coercion, fairness, honesty, and credit-worthiness.

It is hoped that both the Law on the People's Bank of China and the Commercial Bank Law will help create a market-oriented banking system in China.

Foreign Trade & Investment

Qian Qichen Meets U.S. Businessmen of Taiwan Origin

OW1205112795 Beijing XINHUA in English
1120 GMT 12 May 95

[FBIS Transcribed Text] Beijing, May 12 (XINHUA) — Qian Qichen, Chinese vice-premier and foreign minister, met here today with a delegation of American businessmen with Taiwan origin.

During the meeting, Qian gave a briefing on China's economic situation and policies concerning investment from Taiwan.

The delegation, headed by Jentai Tsai, president of the World Taiwanese Chambers of Commerce and chairman of the New York-based Asia Bank, arrived here at the invitation of Jing Shuping, chairman of the All-China Federation of Industry and Commerce.

Li Lanqing Stresses Opening-Up Policy

OW1505003595 Beijing XINHUA Domestic Service
in Chinese 1002 GMT 13 May 95

[By reporter Jiang Jun (1203 6511)]

[FBIS Translated Text] Beijing, 13 May (XINHUA) — Addressing the sixth annual meeting of the Asia Society of the United States today, State Council Vice Premier Li Lanqing said: It is China's established policy to seize the opportunity, to open up wider, and to promote the common economic prosperity through strengthening economic exchange and cooperation with various countries in the world, including the peripheral countries and regions.

He said: Asia-Pacific is the most dynamic region in the current global economy. China's increased economic

exchange and cooperation with its neighboring countries is not only of great importance to the economic development of countries in the region, but also can exert a significant impact on the global economy. We will further open up the country in depth and in breadth, more penetratingly take part in international division of labor and exchange, and strive to basically achieve the goal of making Chinese and global economies complementary to each other before 2000 or beyond.

He pointed out: The central and western regions, which relatively lag behind in economic development and opening up, will be the focal points of China's further opening up. To open up the central and western regions wider to the outside world is a major strategic measure concerning China's intermediate and long-term economic development. The state will adopt measures to promote the regions' development and opening up, and to support their assimilation of technology, capital, and talented personnel for economic and social development. Meanwhile, we will continue to enhance the quality and level of the coastal region's opening up by accelerating the development of technology and capital intensive industries and new and high-tech industries. We will go all out to assimilate investments by large multinational corporations, and will more actively take part in the high-level international division of labor, thereby giving full play to the radiating and promoting role of the international division of labor in the national economy on a grander scale. He added that the basic policy toward the special economic zones will not change.

Discussing the issue of China's reentry to GATT and accession to the World Trade Organization [WTO], Li Lanqing said: China will adhere unswervingly to the policy of opening up no matter when it accedes to the WTO. Our determination and confidence in opening up the economy to the outside world are unshakable. However, China will not prejudice its fundamental national interests in return for reentry to GATT and accession to WTO. We hope that under the precondition of acknowledging China's status as a developing country and under the Uruguay Round agreement, all parties will take a practical and flexible attitude so that the matter can be settled properly.

He said: As a result of further opening up, deepening reform, and rapid economic growth, China has gradually evolved from a previously potential vast market to the fastest-growing real big market in the world. We estimate that China's total volume of exports and imports may exceed \$400 billion in 2000, and its aggregated two-way trade over the next six years may reach \$1,000 billion. We will make further advances in utilizing foreign capital and carrying out economic and

technical cooperation with other countries. An increasingly open, developing, and stable China will provide a huge market for global economic development, more employment opportunities, and better international resource allocations in the world; and make greater contributions to the global economic prosperity.

Meanwhile, the vice premier pointed out: The Chinese economy is an integral part of the global economy. China's opening up to the outside world is not only dictated by national needs, but is also closely related to the international environment. China will work hard to safeguard world peace and stability together with other countries in the world, to actively develop good-neighborly relations with the peripheral countries, to set up a new international economic order beneficial to the global economic development, to maintain an open world trade environment, and to develop trade and economic cooperation with various countries based on equality and mutual benefit.

When some participants at the meeting brought up the issue of Hong Kong's economic development prospects after 1997, Li Lanqing said: To maintain Hong Kong's status as a leading international financial, economic and trade, and shipping center in the world is not only the aspiration of compatriots in Hong Kong, but also of compatriots in the hinterland. History has testified that we have exerted a great effort to this end. After Hong Kong's reversion in 1997, its social system and way of life will remain unchanged for at least 50 years, and it will be ruled by the people of Hong Kong. I am convinced that with close cooperation between the hinterland and Hong Kong, its stability and prosperity will have a greater guarantee and its status as a leading international financial, economic and trade, and shipping center will be further strengthened.

CNOOC President on Joint Oil Exploitation

*HK1505095595 Beijing RENMIN RIBAO in Chinese
8 Apr 95 p 2*

["Interview" by staff reporter Fei Weiwei (6316 0251 0251): "Ushering in the Second High Tide of Joint Development: Interview With Wang Yan, President of the China National Offshore Oil Corporation"; place and date not supplied]

[FBIS Translated Text] At the end of 1994, when the China National Offshore Oil Corporation [CNOOC] celebrated the signing of its 100th contract of cooperation in oil with a foreign firm, president Wang Yan announced at the Great Hall of the People that in 1995, China's offshore oil industry would usher in a second high tide of cooperation with foreign companies in joint exploration and development. With this issue in mind,

this reporter paid a visit to president Wang Yan a few days ago.

[Fei] When was the first high tide of cooperation with foreign firms for the offshore oil industry?

[Wang] The Chinese offshore oil industry's cooperation with foreign companies began as early as 1979, when technologies from 13 countries were imported to undertake geophysical explorations and surveys of the South China Sea and southern Yellow Sea. The end of 1994 witnessed the first high tide of cooperation with foreign firms in exploration and development: After participating in winning China's first round of bidding aimed at cooperation with foreign firms in jointly exploring China's offshore oil, 28 oil companies from nine countries drilled 35 exploratory wells in 18 contracted zones.

[Fei] Why do we call 1995 the second peak year for cooperation with foreign firms in exploration and development?

[Wang] In 1993, China conducted the fourth round of tender offers for some areas of the East Sea, causing a sensation in the world's oil industry. Twenty zones were offered, and 18 of them were accepted. The tender offers for part of the South China Sea resulted in five zones being accepted. After the previous preparation in geophysical exploration, foreign bid-winning oil companies will start exploration one after another this year. In 1995, 21 exploratory wells will have been drilled; generally in the past, only three or four wells were drilled each year. At present, the drilling of two wells in the East Sea has started. Other exploratory wells have all started the intense period of purchasing materials and hiring ships. Three quasi-submersible drilling rigs of CNOOC have been hired by foreign firms. The U.S. Atlantic Richfield Company will come to China with two drilling rigs of its own. This year alone, foreign firms will invest a combined total of over \$200 million in risk exploration.

[Fei] With world oil prices sagging in 1994, why are foreign oil firms still optimistic about their investment in China?

[Wang] I think there are three major reasons. The first is that our country maintains political stability and enjoys uninterrupted, speedy, and healthy economic development. This is an important precondition for foreign investors to be optimistic about China. Foreign oil companies have a very deep impression of this. In 1989, nearly 30 contracts were being implemented, two jointly developed oilfields put into regular production, and four oil-gas fields under construction. As a result, none of the contracts were adversely affected, and

construction of and production from the oilfields were not delayed even by a single day.

The second reason is that there do exist abundant oil resources under China's seas, and they enjoy a good market. China's continental shelf has an explorable area of nearly 700,000 square km. Many world-famous oil experts estimate that there is as much as 10 billion tons [as published] of oil reserves stored in China's continental shelf. But a mere 1.188 billion tons of geological reserves have been found in China after over 10 years of cooperation with foreign firms in exploration and development, with many places still unexplored. In sum, the exploration of China's offshore oil is only in its early stages, leaving huge potential for further progress. In addition, southeastern China's coastal areas enjoy the fastest economic growth in China and have excellent market conditions, so foreign investors have nothing to worry about.

The third reason is that in the more than 10 years of cooperation with foreign firms, CNOOC has honored contracts, kept commitments, conducted business in accordance with international practices, and maintained a slim staff and high efficiency. Therefore, it is regarded by foreign oil companies as highly reliable. Since its establishment in 1982, CNOOC has signed 103 oil contracts and agreements with 61 oil firms from 16 countries and regions. In more than 10 years, however, no dispute has arisen from the execution of contracts which has had to be settled through arbitration.

Foreign oil firms, therefore, show a heated enthusiasm for investing in China. Nearly all the world-famous multinational oil companies have invested in China, some of them regarding China as among their major investment targets.

[Fei] With so much enthusiasm from foreign countries for investing in China, it is really a very precious development opportunity for the offshore oil industry in China. In the new year, what measures will CNOOC take to grasp this opportunity and intensify the dynamics of opening up?

[Wang] This year we will continue to put a series of zones up for bidding. One of them is the Liadong Wan area of the Bohai Sea. Geologically speaking, the area is roughly an extension of the Liaohe Oilfield into the ocean. The discovered oilfields are large in size. The Suizhong 36-1 Oilfield, for example, is so far the largest among offshore oilfields, its reserves being as much as 200 million tons. Another one is part of the East Sea. Rough calculations show that this area has natural gas reserves of 300 billion cubic meters. Additionally, we have adopted new technologies to handle zones which were open but failed in international bidding and zones

which foreign firms won but withdrew from, making the tender documents more accurate. Similar zones will also be put forward this year.

For China's offshore oil industry, 1995 will not only be another peak year in exploration, it will also surely be a year of good harvest in terms of increased reserves and increased output.

Mayor Promises Support to Sino-Japanese Venture

*OW1205134995 Beijing XINHUA in English
1340 GMT 12 May 95*

[FBIS Transcribed Text] Beijing, May 12 (XINHUA) — Beijing Mayor Li Qiyang said here today that the municipal government will give great support to a large Sino-Japanese joint venture, the Beijing Matsushita Color CRT Co. Ltd. (BMCC), in its expansion of production.

The mayor told Kazuhiko Sugiyama, president of the Matsushita Electronics Corporation of Japan, who is on a visit here, that the BMCC is a model of co-operation between China and Japan.

"The BMCC is also one of the most outstanding joint ventures in Beijing," he said. "Its success will play an active role in promoting the Sino-Japanese friendship and further co-operation."

Since its operation in July 1989, the BMCC, with a total investment of 500 million yuan, has produced more than 10 million tricolor tubes, with sales income close to 700,000 yuan and profits reaching 100,000 yuan.

Kazuhiko Sugiyama expressed his thanks for the support of Chinese government. Chinese Premier Li Peng visited the venture two times and encouraged the company to become a model of joint ventures, he said.

The joint venture has decided to add one more production line to the current three. Further expansion is also under planning, according to the Japanese president.

Electronics industry has been set as a leading sector to be developed in the Chinese capital, and Beijing welcomes such expansion, said Li.

During the first four months of the year, a total of 548 foreign-funded ventures were approved in Beijing, involving direct overseas investment of 791 million US dollars. The number of Japanese-funded ventures has risen to 887 by the end of April and their investment reached 1.071 billion US dollars, after Hong Kong, the United States and Taiwan.

38 Foreign-Funded New-Tech Enterprises Disqualified

*SK1205135695 Beijing BEIJING RIBAO in Chinese
13 Apr 95 p 6*

[By correspondent Yu Yaqing (0060 7161 7230): "Thirty-Eight Foreign-Funded Enterprises Disqualified From the Title of New-Tech Enterprise"]

[FBIS Translated Text] The Beijing New-Tech Industrial Development Experimental Zone recently disqualify the Boxing Software Technology Company Ltd. and 37 other foreign-funded enterprises from the title of new-tech enterprise. Meanwhile, nine foreign-funded enterprises were given warnings.

The Beijing New-Tech Industrial Development Experimental Zone, which was established over six years ago, has achieved eye-catching results in bringing in investment from abroad. By the end of 1994, it approved and acknowledged 1,035 foreign-funded enterprises, becoming the first area in Beijing with over 1,000 foreign-funded enterprises and also the first zone with over 1,000 foreign-funded enterprises in the 52 high- and new-tech parks across the country. According to statistics, the foreign-funded enterprises in the experimental zone earned 2.61 billion yuan in business income last year, generated 1.93 billion yuan in industrial output value, paid 160 million yuan of taxes, and earned \$78 million from exports.

However, the business and development of a few foreign-funded enterprises in the experimental zone were not satisfactory in the past few years. For example, both Chinese and foreign investors used each other to engage in fake joint investment, took advantage of the loopholes of policies to win preferential policies, and sold equipment in the name of investment; they failed to honor the contracts and did not put the investment in place for a long period of time; they did not trust each other nor cooperate with each other, thus creating contradictions; they were engaged in trade in the name of developing and producing new technology and new products; they moved out of the experimental zone without approval; and they incurred deficits for many years due to mismanagement. Such a situation showed that these enterprises were no longer qualified as new-tech enterprises. According to relevant state regulations, therefore, the general office of the Beijing New-Tech Industrial Development Experimental Zone decided to disqualify 38 foreign-funded enterprises from the title of new-tech enterprise, and recalled their certificates of approval and certificates of acknowledgement as new-tech enterprises, so that they no longer enjoy the preferential policies for new-tech enterprises in the experimental zone. It also gave warnings to nine other

foreign-funded enterprises which failed to meet some of the requirements on new-tech enterprises and ordered them to meet the requirements within one year.

Planning Commission Halts Investment in 10 Products

HK1305070295 Beijing ZHONGGUO XINWEN SHE
in English 0250 GMT 13 May 95

[FBIS Transcribed Text] Beijing, May 13 (CNS) — China's State Planning Commission has put forward a ban on further investment on the following ten items: watches; cosmetics; woollen fabrics; towels and bed sheets; synthetic fibre carpets and machine-made carpets; gunnysacks; stainless products; plastic wallpaper; food-making machines and industrial processing of copper and aluminum products. Meanwhile, owing to over-supply of some items such as aluminum alloy doors and windows; artificial marble; terrazzo; plastic processing; and small private cars are not suitable for new development or extension.

Preferential Policies for Foreign Investment Viewed

HK1305070395 Beijing ZHONGGUO XINWEN SHE
in English 0226 GMT 13 May 95

[FBIS Transcribed Text] Beijing, May 13 (CNS) — The State Economic and Trade Commission of China recently promulgated seven preferential policies to lure overseas investors.

These seven preferential policies are as follows:

First, foreign investors are permitted to use currency, machines and equipment as well as industrial property rights as capital input in China. They can be exempt from being levied tariff and unified industrial and commercial tax for import in kind.

Second, there will be no restriction on the proportion of shares held by overseas investors in joint ventures.

Third, there will be no time limit on investment for overseas businessmen; they can apply for extension before the expiry of the validity term of contracts.

Fourth, overseas-funded enterprises are permitted to directly purchase raw materials and sell their products in the international market.

Fifth, overseas-funded enterprises are encouraged to employ workers they need in China. In addition, they are also permitted to employ technical experts and senior management professionals from overseas.

Sixth, the low-tax policy will be executed by Chinese government towards overseas-funded enterprises.

Seventh, special preferential treatment on tax can be enjoyed by those overseas businessmen investing in key projects encouraged by the Chinese government.

Growth Rate in New Foreign Investment Declines

HK1505030095 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 14-20 May 95 p 1

[By Xiao Wang: "Focused Guidelines Stem Misused Funds"]

[FBIS Transcribed Text] The sizzling surge of foreign investment is expected to slow as the country replaces blind passion for funds with rationalism.

"It's unrealistic to maintain the momentum of foreign capital input seen in 1992 and 1993," said Qiu Xichun, a foreign trade official.

"Common sense leads one to the conclusion that such super growth would by far exceed what China's domestic economy can accommodate."

Last year marked a turning point in investment as contracted funds fell despite actual input growth of 38 percent.

The distinction is important because contracted funds sometimes never materialize. Nonetheless, the two are linked, Qiu noted.

"It should be called to mind that the growth of actual input in 1994 was only the result of a huge base of contracts made during the previous two years."

Analysts point out that if contractual value of investment continues to shrink, so will the actual input.

Actual input of foreign capital has already assumed a slower growth rate in the first quarter of this year over the corresponding period of 1994.

"The real story is that China's maturing legal framework in line with international standards is putting a brake on short-term speculators," Qiu explained.

For example, the number of fake joint ventures which seek only to enjoy China's preferential policies for their own purposes were greatly reduced last year when the country cancelled their tariff-exemption treatment in importing cars and office equipment.

Qiu said competition from other developing countries such as Malaysia, Indonesia, Thailand and Viet Nam has also stolen some of the limelight from China as a magnet for investment.

In addition, rapid economic advancement in China's eastern coastal region is eroding the area's low-cost labour advantage and employer-employee skirmishes

are rising, especially in joint ventures funded by Hong Kong and Taiwan investors, he said.

All this points to the reshaping of foreign investment at the very moment when China wants more capital-intensive projects and better treatment of its workers.

While speculative investors have been consigned to the sidelines, big transnationals from Europe, the United States and Japan are hiking their investment in China.

Government statistics show that the drop in overseas investment contracts has come mainly from Hong Kong, Taiwan and Macao, which had focused on real estate development.

Joint Ventures Play Important Role in Chip Output
OW1505094195 Beijing XINHUA in English
0920 GMT 15 May 95

[FBIS Transcribed Text] Beijing, May 15 (XINHUA) — East China's Shanghai city, the largest industrial center, has developed into a major production base of integrated circuits, with the growth rate in the output of micro-electronic integrated circuits ranking first in the country.

Statistics show that the city's output of integrated circuits has surpassed 32 million chips yearly, and the annual growth rate hit 50 percent.

The sales volume reached 600 million yuan (71 million U.S. dollars) last year, doubling the 1993 figure.

Six joint ventures in the field play an important role

Tibet Benefits From Foreign Investment
OW1405031695 Beijing XINHUA in English
0128 GMT 14 May 95

[FBIS Transcribed Text] Lhasa, May 14 (XINHUA) — Opening up to the outside world and use of overseas funds have benefited the Tibet Autonomous Region, known as the "roof of the world", giving a filip to its economy, local officials said.

Fifty overseas-funded joint ventures have been established in this region of southwest China and 43 of them are production enterprises. Statistics show that Tibet has used about 32.4 million U.S. dollars of overseas funds in recent years.

Last year, Tibet upgraded its telephone service by using 4.7 million US dollars, a loan provided by the Australian government which was the first of its kind.

Most of the joint ventures were located in Lhasa, the region's capital, and most of the 50 projects cover wool carpet processing, catering service and tourism.

Major overseas investors came from Hong Kong, Nepal, the United States, Taiwan, Japan, France, Macao, Canada and Thailand.

The establishment of the joint ventures has ushered in advanced management, updated local technology and equipment, and helped training a good number of enterprise management personnel in the region.

Agriculture

Zhu Rongji Says No More IOUs to Farmers
OW1405144695 Beijing XINHUA in English
1437 GMT 14 May 95

[FBIS Transcribed Text] Beijing, May 14 (XINHUA) — The Chinese government will provide sufficient funds for the state purchasing of farm and side-line products this year and give no "I-Owe-You's" (IOU) to farmers, Vice-Premier Zhu Rongji said over the weekend.

Funds provided by banks to purchase farm and side-line products must not be used for other purposes, Zhu, concurrently governor of the central bank, told a national telephone conference on the issue.

While the summer harvest is getting near, whether the work can be carried out successfully or not will have a direct impact on this year's agricultural and economic situation, and will become a key link for the country to scale down inflation effectively, he noted.

The vice premier urged both the central and local authorities to "attach great importance to the work" and handle the agriculture funds properly.

In the past two years, the state has adopted a series of policies and measures to supply sufficient funds for purchasing farm and side-line products, and few IOUs occurred during the period, Zhu said, adding that farmers were basically satisfied with the results, which was good for developing farm production.

However, Zhu said, the problem of diverting the designated funds for other purposes got to be very serious during the past two years, forcing the banks to lend much greater amount of loans to fill the gap. "The central bank has to expand money issuance yearly, which is very bad for controlling inflation," he said.

This year, the government will tighten the control on the use of funds and banks will provide loans strictly in line with the amount, prices and stockpile of farm and side-line products, Zhu said.

Subsidies offered by local governments for buying agricultural and side-line products must be appropriated from their budgets or from grain risk funds established

in different localities and should not be provided by banks, Zhu stressed.

Grain purchase and supply enterprises must not use the designated funds for other purposes such as capital construction and businesses, he said.

Banks are not allowed to use the funds for other commercial purposes, either, while the Agricultural Bank of China and the Agricultural Development Bank should work cooperatively to manage the funds properly, Zhu said.

The vice premier said that the central authorities will regularly examine the use of funds by enterprises, local governments and banks to guarantee no IOU slips in the purchase of farm and side-line products.

Zhu Rongji Speaks at Supply, Marketing Congress
OW1205145095 Beijing XINHUA in English
1437 GMT 12 May 95

[FBIS Transcribed Text] Beijing, May 12 (XINHUA) — The Second Congress of the All-China Federation of Supply and Marketing Cooperatives (ACFSMC) opened here today.

Addressing the meeting, Chinese Vice Premier Zhu Rongji said that the cooperatives have made a great contribution to the agricultural development and become an important force in enlivening the rural and urban economy.

However, he said, some cooperatives have taken to profiteering and betrayed their obligation of serving farmers.

He noted that the Stipulation on Deepening Reform of Supply and Marketing Cooperatives made by the State Council must be carried out. The main point of the stipulation is to ask the cooperatives to stick to collective ownership and serve the farmers.

He also pointed out that the cooperatives should shoulder the state's tasks to market the commodities which are important to the people's lives and the agricultural production.

The supply of fertilizers and purchasing of cotton are the most important as they are directly related to farmers' interest, Zhu said. He urged the cooperatives to play a role as main channels in supply and marketing agricultural production materials and guarantee the fertilizer supply and the cotton production and purchasing.

He asked the party committees and local governments at all levels to guide the reform of these cooperatives.

In his work report delivered at the meeting, Chen Junsheng, State Councilor and head of the preparatory

group of ACFSMC, summarized the experience of the cooperatives in the past 40 years and put forward 10 guidelines for the cooperatives' future work.

He said the cooperatives should be developed into the production base of agricultural produces and nonstaple foods. The cooperatives should aim to serve the farmers and improve the farmer's income.

Chinese Vice Premier Li Lanqing presided over the meeting.

The first congress was held in 1954.

Wen Jiabao Discusses Rural Policy Research
HK1505074595 Beijing QIUSHI in Chinese
16 Mar 95 No 6, pp 2-7

[Article by Wen Jiabao (3306 1367 1405): "Several Questions Concerning Rural Policy Research"]

[FBIS Translated Text] 1. **The Importance of Strengthening Rural Policy Research Work in the New Period**

From now until the end of the century, China's agriculture and rural economic development faces two strategic tasks: 1) improving the quality of agricultural products and guaranteeing effective supply; and 2) increasing the income of peasants, so that they can become comfortably well off. Completing these two strategic tasks requires that the whole party pay attention to them, strengthen the basic position of agriculture, and greatly develop the rural productive forces. A very important aspect of this is that it is necessary to strengthen rural policy research, implement correct rural policies, and use these policies to mobilize the enthusiasm of the hundreds of millions of peasants.

Our party has always placed stress on investigating the actual situations in rural areas and formulating correct principles and policies. The party's third-generation leadership collective are all outstanding models in upholding this fine tradition. During the first Chinese revolutionary war, Comrade Mao Zedong, through wide-ranging and deep going investigative research, put forward the idea that the peasant problem was China's major problem, that the peasants who constituted the majority of the national population were the major force of the revolution, and that they were the most dependable proletarian allies. It was precisely because Comrade Mao Zedong set down this strategic policy that the Chinese revolution was able to win the endorsement and support of the broad masses of peasants, and that it was possible to follow the correct road of "encircling the cities from the countryside." Comrade Deng Xiaoping upheld the ideas of liberating thought, seeking truth

from facts, proceeding from reality in everything, and respecting the creative spirit of the rural masses. With the courage and daring of a proletarian revolutionary, he broke down the restrictions of the old fetters and firmly upheld and pushed forward rural reform. Under the advocacy of Comrade Deng Xiaoping, our party summed up and implemented the responsibility systems which were created by the rural masses and which have output-linked household contracts as their main part, eliminated the people's commune system, and implemented a series of creative rural policies which greatly liberated productive forces in the rural areas. With this began a new chapter in the history of China's reform and opening up. The third-generation leadership collective with Comrade Jiang Zemin as its core has inherited and carried forward the outstanding traditions of the older generation of proletarian revolutionaries. They have frequently conducted investigative studies in the rural areas, and in response to the new situations and new problems which have appeared in agriculture and the rural areas, they have formulated a series of rural policies which are suited to reality and have strong support from the people. They have safeguarded and mobilized the enthusiasm of the peasants, further promoted the reform and opening up of the rural areas, and developed an excellent situation in the rural areas.

Several decades of our party's practice have proven that "policies and tactics are the party's lifeblood." Whenever correct principles and policies were formulated, our cause proceeded smoothly and successes were achieved. Whenever principles and policies were not in accord with reality, our work saw deviations and our cause experienced setbacks.

Since the beginning of reform and opening up, our party has formulated a series of principles and policies which are in accord with the demands of developing rural productive forces. In short, these have the following aspects: First, implementing responsibility systems which have output-linked household contracts as their main part and, while fully linking up with the dual-level operational system, greatly mobilizing the enthusiasm of rural household operations. They have also fully brought into play the superiorities of collective unified operations. Second, developing diverse economic components and diverse operational forms, so as to form a structure in which public ownership plays the main part and diverse economic components see common development, and in order to ensure that the rural economy is full of vigor and vitality. Third, actively readjusting the rural industrial structure and, on the basis of the stable development of grain, cotton, and other major agricultural products, strongly developing diverse operations, developing township and town enterprises, swiftly develop-

ing division of work within the rural areas, expanding economic interflow between urban and rural areas, expanding the economic activity space of peasants, and increasing the incomes of peasants. Fourth, reforming the circulation system for agricultural products, whereby the agricultural product market has seen quite great development and the land, labor, funds, technology, and other production factor markets are now being formed. Peasants are thus changing from purely producers to relatively independent operators. Fifth, some regions and some individuals have been allowed to become rich first, and those who have become rich first have helped others to become rich, so as to gradually achieve joint prosperity. There is both recognition of differentials as well as the upholding of the final goal of development, and thereby the relationship between fairness and efficiency is handled quite well. Sixth, improving the state's macroeconomic regulation and control modes with respect to agriculture, so as to gradually reduce mandatory planning, and increasingly utilizing economic, legal, and information measures to support and protect agriculture, so as to avoid, to a certain degree, great fluctuations in the agricultural product market and reduce the risks for farmers in entering the market.

This series of policies has powerfully promoted the development of agriculture and the rural economy, resulting in historic changes in the appearance of the rural areas, and also laid a firm base for the reform and development of the overall national economy. The most important reason these policies have been able to produce such major power and have such a major effect is that they fully manifest the principles which our party has followed since the Third Plenary Session of the 11th CPC central Committee whereby, on the political level, full respect is given to the democratic rights of the peasants masses and, on the economic level, there is full concern for the material interests of the peasant masses. Thereby, they have fully mobilized the enthusiasm of the peasants. This series of policies which have been proven effective by practice are our party's basic policies in the rural areas and must be long upheld. This is particularly so of the "cornerstone" of the rural policies constituted by the responsibility system which has the output-linked household responsibility system as its main part, and the dual-level operation system in which centralized and decentralized operations are combined. These must be long upheld and continually perfected in practice.

In recent years there has been the opinion that the potential of rural policies has been completely released and that in future rural development, the crux will lie in reliance on science and technology and increased input. This viewpoint is incomplete. At present, there certainly

exists the problem of input being seriously insufficient and of basic agricultural construction lagging seriously behind. There are also many difficulties in agricultural science and technology research and propagation. These are all major problems restraining the further development of agriculture and must be seriously addressed and earnestly resolved. However, this does not mean that we do not need to rely on policy or that we can ignore policy research. Correct policy remains the key issue in mobilizing the enthusiasm of the peasants and promoting the development of agriculture and the rural economy. How to increase input, how to promote science and technology in order to invigorate agriculture, how to raise the efficiency of agricultural input, and how to develop agricultural science and technology are all policy issues. Relying on policy, relying on science and technology, and relying on input—these constitute a complete system. We cannot at any time underestimate the importance of the role of policy.

In the 1990s, our country's rural economy is at a major historical juncture. The rural productive forces must see new liberation and greater development. This is a very major and arduous task which is placed in front of us. Seen from the angle of reform, the rural economic structure is now in a stage of transformation toward a new structure which is suited to a socialist market economy structure. The old structure has not been completely eliminated and it still plays a role in many aspects. The framework of the new structure has in some respects just been established, and in many respects it is not yet complete. Rural reform still needs to be further deepened. Seen from the angle of development, by the end of this century we aim to achieve the goals of raising agriculture to a new "level" and ensuring that peasants become comfortably well off. Thereby, it will be possible to guarantee that agriculture will be able to continue to shoulder the heavy task of supporting the sustained, rapid, and healthy development of the national economy. The task of rural reform and development is now more complex and arduous than at any time in the past, and in this area there are many policy problems which require research. Our country's agriculture is gradually moving toward the track of using law to manage agriculture, employing agricultural law to protect agriculture, and utilizing agricultural law to build agriculture. The promulgation of the "Agricultural Law" is an important indicator of this. In future, the position of agricultural legal work will become increasingly prominent. The tasks of rural policy research as well as research on rural laws and regulations will become increasingly heavy, while the role of rural policy laws and regulations will be increasingly strengthened. On this question we must have a sober understanding.

2. How To Do Well in Rural Policy Research Work

The importance of rural policy means that the demands on rural policy research work are very high. In doing this work well, I believe that we should pay attention to the following seven aspects: arranging work around the center, seeking truth from facts, grasping the whole situation, having a leading nature and foresight, information feedback, strengthening study, and going deep into practice.

First, rural policy research work must be carried out around the center. Reform and development is the center of all work in the rural areas at present, and rural policy research work must be carried out tightly centered around this center. Policy research is not average scholarly research. It must serve the central work of the party, serve practice, and serve decisionmaking. Thus, when selecting topics, policy research must have a firm grasp of the rural economy and the patterns of social development. It must grasp the major questions, hot points, and difficulties in rural reform and development. That is, it must grasp the problems which affect the interests of the masses and which are of widespread concern among the masses. It must pay particular attention to studying the new situations and new problems in the rural areas, as well as potential problems, trends, and key problems in rural reform, development, and stability. Each period will have its own point of stress. We advocate that policy proposals must be closely linked with reality, and must consider the environment, conditions, and the situations on all sides. Only thus will they be feasible and be able to provide guidance for practice.

Second, rural policy research work must uphold seeking truth from facts. Correct policies must truly reflect objective reality. In researching rural policies, it is necessary to understand the actual situation, reflect the actual situation, and guard against mistakes in decisionmaking and subsequent harm to the state and the people, which may result from an incorrect assessment of practice. Upholding seeking truth from facts requires seriously understanding and daring to bravely reflect the actual situation. No story-telling and no exaggeration, just the facts. The facts are the objectively existing realities, the objective demands of economic development, and the interests of the broad masses of peasants. Thus policy research must call a spade a spade, must speak the truth, and researchers must bravely put forward their own opinions. Upholding the seeking of truth from facts requires upholding liberating of thought, being brave in exploration, and being daring in practice. At the same time, it requires that attention be paid to summing up experiences, so as to avoid losses and particularly to avoid major losses. Upholding seeking truth from facts

is extremely important. It is the crucial link in determining whether or not rural policy research is effective.

Third, rural policy research work must establish a concept of the overall situation. Following the development of the socialist market economy, reform has gradually developed in depth and in breadth, and the relations between rural areas and the cities and between agriculture and industry have become increasingly close. We must be skilled in examining and understanding problems in agriculture and the rural areas from the angle of the overall situation of the national economy. For example, at present we stress that coastal regions must stably develop grain production. This is a consideration based on the overall situation. It is a policy put forward based on the actual situation over the last few years where some coastal areas have looked lightly on agriculture and particularly on grain production. We had to put forward this requirement because, for a country like ours which has 1.2 billion people, depending on the international market for our grain supply is extremely dangerous, and even the coastal regions cannot afford to become dependent like this. This is a viewpoint which proceeds from the overall situation.

Fourth, rural policy research work must have a certain lead nature and a certain foresight. In engaging in policy research, it is necessary to both base ourselves on the present and set our sights on the future. It is necessary to stress objective reality and understand the trends of development. By examining questions in this way, it is possible for conclusions to be deeper, more far-sighted, and more complete. Thereby, it will be possible to grasp issues more accurately. Developing work in this way will mean that there is more initiative and more benefit and will ensure that we do not just seek help at the last moment or have to run about dealing with emergencies as they arise. Hastily putting forward proposals without overall investigative research will mean that the proposals will lack vigor.

Fifth, policy research work must have information feedback. After the central policies are handed down, in assessing how they are being implemented and which new situations and new problems have appeared during the course of implementation, in deciding what new demands must be put forward and what supplements and readjustments have to be made, there needs to be information feedback. In a country as large as ours, there are thousands of variations between different areas, and there are continuous changes during the process of development. Through research, we must completely understand situations, discover problems and, in accordance with the changed situations, put forward new policy measures. It is necessary to establish a scientific information system. At present, this aspect

is still quite weak and has not been given sufficient attention. In the future this must be greatly strengthened. The various inter-related information networks which already exist should stress bringing into play their roles in this respect.

Sixth, comrades who engage in rural policy research work must strengthen study. 1) They must seriously study Marxism-Leninism-Mao Zedong Thought and especially Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, in order to guide policy research work. 2) They must study the series of principles and policies regarding rural work put forward by our party since the Third Plenary Session of the 11th CPC Central Committee, and fully understand and master these principles and policies. 3) They must study theoretical knowledge about the socialist market economy, including advanced management experience borrowed from developed capitalist countries. We must not simply copy Western economic theories but rather must clearly understand the socio-historical conditions under which such theories were produced and the range over which they apply. Under this precondition, it is possible to decide which aspects can be used by us and which should be discarded. 4) They should study modern scientific and technological knowledge. General Secretary Jiang Zemin proposed that among leading cadres we must spread basic knowledge about modern science and technology. We comrades who engage in policy research should try hard to keep up in this respect and make great efforts to improve our knowledge in this area. This will help us to comprehensively consider economics and science and technology, as well as reform and development, when researching rural policy.

Seventh, in doing well in rural policy research work, it is necessary to persist in going deep into reality. In undertaking investigative research, it is necessary to listen to many and observe much. It is necessary to visit townships, villages, and households and to listen to the opinions of the peasants and the rural cadres directly and without interference. At present, there exists an undesirable practice whereby people resort to deception, providing fraudulent accounts and exaggerations. They are only willing to show others their achievements and are unwilling to show them their problems. They are only willing to talk about the good side and are unwilling to talk about the bad. Although this practice is not widespread, it is deserving of attention. If we comrades who engage in policy research do not get in direct touch with reality and do not get in direct touch with the peasants and rural cadres, it will be quite dangerous. It is necessary to make friends with some peasants, as through them it will be possible to better understand and master some actual situations.

Investigative research work must be responsible to the party, responsible to the country, and ultimately responsible to the people and to the people's interests. Such responsibilities will not allow half-measures or false reports. Comrades who engage in policy research work must have a high sense of responsibility as well as the idea of serving the people wholeheartedly. They must not seek empty names or undeserved reputations. They should seek the truth and carry out their work in a down-to-earth way.

3. Several Major Issues Which Must Be Paid Attention in Rural Policy Research Work

Rural policy research must be carried out in accordance with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, in accordance with the overall tasks of "grasping opportunity, deepening reform, opening wider to the outside world, encouraging development, and maintaining stability" as set down by the central authorities, and in accordance with the demands of developing a socialist market economy. In response to the various contradictions and problems which have appeared in rural reform and development at present, we should stress investigative research work in various respects.

First, how, on the basis of a stable output-linked household contract responsibility system, to guide agriculture in moving toward specialization, commercialization, and modernization. The responsibility system which has output-linked household contracts as its main part, and the dual level operational system which combines centralized and decentralized operations, are the basic economic systems in the rural areas. It is necessary to long uphold these without change. While household operations are the traditional mode in agriculture, they have never become outdated. Even in developed countries, the family farm still constitutes the leading form of agricultural operation. Household operations do not preclude modernization. However, in our country at present, the scale of operations of agricultural households is certainly too small. The average cultivated land per household throughout the country is only half a hectare. Such a scale is certainly restricting in terms of promoting advanced science and technology and raising labor productivity. In resolving this contradiction, we certainly cannot negate the responsibility system which has household contracts as its main part. Much less can we simply take back the land given to the peasants under contract and operate it in a unified collective way. This is not a feasible road. It was to avoid the occurrence of this problem that the central authorities proposed stabilizing the output-linked household contract

responsibility system and extending the land contracts of the rural households for a further 30 years without change. This is in accord with the realities of the rural areas. The basic method is to establish a mechanism for transferring land-use rights. This is why the central authorities put forward the idea of contract transfer under the precondition that the collective ownership of the land does not change and the agricultural nature of land use does not change. Through this mechanism, it will be possible for land-use rights to circulate and it will be possible to expand the scale of operations.

The precondition for implementing a reasonable scale of operations is that necessary and full conditions are in place and that diverse forms are adopted. The "Industrialized Operations Mode" which was created in Shandong and other regions is very worthy of attention. Developing a socialized service system, setting up "key enterprises," linking up production by rural households with domestic and foreign markets, and implementing "specialized production, socialized service, and integrated operations" — this is a road to operations of scale. Developing an appropriate scale of operations and realizing specialization, commercialization, and modernization in agriculture is a very long process. In this, it is necessary to proceed from reality, suit policies to local conditions, respect the wishes of the peasants, and guide action in accordance with circumstances. We certainly must not limit ourselves to one form or cut with one knife.

Second, how to both bring into play the basic role of the market mechanism and effectively implement macroeconomic regulation and control by the government. Like other industries, agriculture must, under state macroeconomic regulation and control, utilize the market as its basic measure in deploying resources. However, agriculture is different from other industries. It is the base of the national economy and is subject to both natural and market risks. It therefore must be supported and protected. The market itself has deficiencies and if agriculture relies solely on the market, it would not be possible to completely resolve all problems. Thus governments in all countries place much stress on intervention in agriculture. We say that the more developed the market economy, and the more reform and opening up is carried out, the more the basic position of agriculture has to be strengthened. This also includes strengthening the power of government intervention in agriculture. Under socialist market economic conditions, one of the major functions of government macroeconomic regulation and control is using economic and legal measures and supplementing these with administrative measures to strengthen support and protection of agriculture. This is one of the major aspects of improv-

ing macroeconomic regulation and control. It is necessary to strengthen basic agricultural construction and the propagation of agricultural science and technology. In accordance with the requirements of the central authorities, it is necessary to resolutely readjust the national income distribution structure and increase those proportions of state capital construction investment, financial budgetary funds, and credit funds that are used in agriculture. This must be done at all levels from the center down to the localities. The urgent thing at present is to strengthen agricultural field and water conservancy facility construction, to do well in agricultural development and the transformation of low- and medium-yield fields, to strongly propagate the advanced application of science and technology, and to establish a socialized production service system. These are all important aspects in protecting agriculture.

Third, how to both guarantee the effective supply of basic agricultural products and continually increase peasant income. These two aspects should form a unity. However, in practice there are sometimes contradictions. In our country, the contradiction of a large population and little land is particularly prominent. Our general principle is to powerfully develop diverse operations while not relaxing grain production. It is necessary to understand and implement this principle in an overall way and correctly master this idea. We must pay great attention to grain production and strive to raise grain production to an even higher stage by the end of this century. This is a basic condition for realizing the second-step strategic goal. We must continue to rationally readjust the economic arrangements between urban and rural areas and the rural industry structure, actively develop diverse operations and township and small town enterprises, and properly link this to supporting and promoting grain production, so as to maintain the overall development of the rural economy and the sustained growth of peasant income. In resolving these problems it is necessary to shift our view to the overall development and utilization of national land resources, and advance the depth and breadth of production. It is necessary to have a good development ideology and plan and a good development mechanism. In recent years, a road for comprehensive development of agriculture has been formed and results have been very noticeable. We must firmly persist in advancing along this road. In brief, we must firmly uphold the principle of not relaxing grain production and of powerfully developing diverse operations. That is, we must focus on strengthening the basic position of agriculture, on developing the rural economy in an overall way, and on developing agriculture in breadth and depth.

Fourth, how to handle well the question of coordinated development between the urban and rural areas and among regions. In recent years, the differentials between urban and rural areas and among regions have been constantly expanding, and this has been a prominent problem for the rural economy and for overall national economic development. Actually, uneven development of the economy is an objective pattern. In a country as large as ours, it is natural for there to be a multitude of differences between various regions, and for us to allow some regions with the conditions and good bases to develop first and have them help and spur on the gradual development of other regions, so as to finally achieve common prosperity. This accords with the patterns of economic development and with China's realities.

However, these differentials cannot be allowed to expand for a long time, or else the entire national economy will become unbalanced and this will affect even the advanced regions. How then should the central and western regions speed their development? It is necessary for the state to implement certain support and assistance, but the most crucial element is for them to strengthen their self-development capacities: 1) They should bring into play their superiorities, particularly resource superiorities, give play to their strengths and avoid weaknesses, and expand exchange and cooperation with the eastern regions. 2) They should grasp well basic construction, develop transport and telecommunications, and improve the investment environment. 3) They should stress education and training skilled personnel, raise the leadership and management levels of cadres, and improve the quality of workers. The central and western regions are very large and conditions vary greatly between areas. It is necessary to grasp tightly research on specific avenues for speeding local economic development.

Fifth, how to promote the transfer of surplus agricultural labor and speed the construction of small towns in rural areas. In looking at whether China's agricultural and rural area problems can be resolved well in the 1990s, an important issue is whether proper arrangements can be made for surplus agricultural laborers, so that they can bring their due role into play. In transferring surplus agricultural labor: 1) It is necessary to establish a foothold within agriculture, and through expanding resource utilization engage in developmental agriculture. 2) It is necessary to strongly develop township and small town enterprises. Township and small town enterprises have already absorbed 110 million laborers. This is a great achievement. If we had had not seen the development of township and small town enterprises, the rural unemployment problem we face today would have been greater. Developing township and

small town enterprises will remain an important avenue for absorbing surplus agricultural labor. 3) It is necessary to develop small urban areas so that the township and small town enterprises will gradually become centralized there. This will make it possible to economize on land and energy and make transport convenient. It will also be possible to develop secondary and tertiary industry and thereby promote the flow of labor toward small urban areas. 4) For those peasant workers who enter the medium-sized and large cities, we should adopt appropriate methods to guide and manage them. This is also an important task.

Sixth, how to strengthen the building of grassroots-level organizations in the rural areas. It should be affirmed that the majority of grassroots-level organizations in the rural areas are good or quite good, and that the great achievements realized in rural reform and development are inseparable from the strengthening of grassroots-level organizations and the efforts by grassroots-level cadres. However, it should also be recognized that there indeed exist problems which cannot be ignored in the grassroots-level organizations. Some grassroots-level organizations in the rural areas are weak and lax and cannot properly bring their roles into play. The quality of some of the grassroots-level cadres is not good and they are not up to shouldering the responsibilities of their posts. If this situation is not swiftly corrected, not only will it be impossible to invigorate the rural economy, but it will even affect the stability of the rural areas and will weaken the party and government's base in the rural areas. Thus, we must put great efforts into strengthening the building of the grassroots-level organizations in the rural areas. First, it is necessary to grasp well the building of grassroots-level party organizations, and fully bring into play their leadership core and fortress roles. At the same time, we must grasp well the building of grassroots-level state power organizations, economic organizations, and mass organizations. It is necessary to fully mobilize the enthusiasm of the peasants and resolve their concerns. The "CPC Central Committee Decision on Several Major Questions in Strengthening Party-Building," passed by the Fourth Plenary Session of the 14th CPC Central Committee, put forward clear requirements in terms of building grassroots-level organizations in rural areas. We must seriously implement these. The central work conference on building grassroots-level organizations in rural areas made some specific deployments in terms of this work. We must seriously study the spirit of this conference and, in light of the specific situations in various regions, study concrete measures for implementation.

Seventh, how to strengthen the building of socialist spiritual civilization and the building of a demo-

cratic legal system in the rural areas. Strengthening the building of socialist spiritual civilization and a democratic legal system in the rural areas and doing well in the comprehensive management of social order in the rural areas are important components of modernization and social progress in these areas. They are also important guarantees for promoting development of agriculture and the rural economy. The comrades who engage in rural policy research must not only pay attention to economic problems in the rural areas, but also concern themselves with the various social problems in the rural areas.

In some areas, spiritual civilization is not being grasped tightly, the social atmosphere is not good, and public order is very poor. This has affected the economy and people have been making many complaints. This must be given a high degree of attention. We must put efforts into exploring avenues and methods under the socialist market economic conditions for effectively strengthening the building of spiritual civilization in rural areas. The building of socialist material civilization, the building of socialist spiritual civilization, and the building of a democratic legal system form an integrated whole and must see concurrent development. At no time and in no situation can we seek temporary economic development at the expense of spiritual civilization, nor can we allow things which harm the people and pollute society to spread unchecked. We must continually uphold the principle of "grasping with two hands, and maintaining a firm grip with both hands." The rural areas must transform social traditions, root out feudal superstition, and promote healthy and cultured lifestyles. In this respect, various areas have some good experiences. We must pay attention to summing them up and propagating them.

Minister on Bleak Water Conservation Situation

HK1505100095 Beijing RENMIN RIBAO in Chinese
23 Mar 95 p 2

[By staff reporter Jiang Xia (3068 1115): "Water Conservancy Is Closely Linked With Us—Interviewing Minister of Water Resources Niu Maosheng on World Water Day"; date and place not given]

[FBIS Translated Text] Talking about how the deputies to the National People's Congress [NPC] and members of the Chinese People's Political Consultative Conference [CPPCC] were concerned with water conservancy at the just-ended meetings, Water Resources Minister Niu Maosheng said with a smile: "I visited six delegations to the NPC, and the deputies either asked for information, or reflected problems, or sought funds for water conservancy projects in their localities...I was almost unable to withstand it."

In fact, water conservancy was a focus of attention not only at the "two meetings." Whether a society developing its economy or the common flock staying at home, who can live without water? Too much water means flooding, too little water means drought, and if water is dirty it means water pollution. Last year, 290 million mu of land in our country were hit by flood, and in some major industrial cities in the south, one-fourth of their annual national income was swallowed up; last year, within the 440 million mu of farmland hit by drought, 36 million mu did not have a harvest. Who can say water conservation is not his business?

The first national water conservancy work conference held by the State Council since the nation's founding firmly established the status of basic industry for water conservation and signified the beginning of a new stage.

Over the past two years, the concept that "water conservation is the lifeline of national economic and social development" has struck roots deeper in the people's minds. Talking about this change, Niu Maosheng repeatedly mentioned the national water conservancy work conference last September. That was the national water conservancy work conference held for the first time in the name of the State Council, and all the leading comrades in the State Council who were in Beijing at that time came to the conference to show the importance attached to it. The notion that "water conservancy is a basic industry in the national economy" has become a consensus at a higher level and among more people, and this has played a great role in promoting actual work. The conference therefore also became a symbol of the beginning of a new stage of water conservation in our country. Since the conference, various provinces have practiced the system of responsibility for leaders and injected the promised funds. In 1994 alone, Guangdong Province injected four billion yuan into water conservation. Last winter and this spring, a total of 3.75 billion shifts of laborers and 10 billion yuan were injected into capital construction for water conservation, all historical record highs. The progress in harnessing big rivers, streams, and lakes accelerated markedly in 1994. The Three Gorges project over the Chang Jiang and the Xiaolangdi project over the Huang He were officially launched last year; the projects in harnessing the Huai He and Lake Tai have entered a crucial stage; and a number of the key projects such as the Wanjia Stockade project, Feilai Gorge project, the project to divert water from the Datong Jiang to Shaanxi, the Guanyin Pavilion project, and the project to divert water from the Huang He to the Wei He, have made very great progress. The plans of the project to divert water from south to north China will be compared and debated,

then the State Council will make a decision; the initial preparatory work for the project is already underway.

Our country's water resource exploration and utilization rate is 19 percent, the country's farmland accounts for 7 percent of the world's total, and irrigated area accounts for 22 percent of the world's total, but the foundation is still rather weak.

If water conservancy is viewed as an important component of a country's comprehensive national strength, then what is our country's standard for exploring and utilizing water resources and storing water? Niu Maosheng responded to the reporter's question by first giving a clear concept: Our country's total quantity of water resources is about 2.8 trillion cubic meters, and by 1993 we had explored and utilized 520 billion cubic meters, which means an exploration and utilization rate of 19 percent. In the United States, it is 34 percent, and in the former Soviet Union, it is 27 percent; this means we have the standard typical to a developing country. To give this concept a concrete description, he cited several convincing figures. Since the nation's founding, our country has built some 80,000 reservoirs and 245,000 km of embankments which have protected 500 million mu of farmland, 475 cities of various sizes, and 340 million people; the chronic floods along the seven big rivers and streams have been brought under control. At present, our country has 740 million mu of irrigated farmland, accounting for 22 percent of the world's irrigated farmland. Under just such water conservation conditions, China is able to use 7 percent of the world's farmland to feed 22 percent of the world's population. On irrigated farmland, which accounts for 48 percent of China's total farmland, we produce 74 percent of the country's grain, as well as 60 percent of the cash crops. But from another angle, China still has several hundred cities under the threat of flood, and several hundred cities face the difficult situation of water shortage, while every year about 200 million mu of farmland will be hit either by flood or drought. This means that China still has a rather weak foundation of water conservation and very limited ability to resist natural disasters, and we must spare no effort to step up construction.

Water conservancy is an important factor restraining agricultural development, and the state's emphasis on injecting funds into agriculture naturally means that the investment in capital construction of agriculture should primarily be used to build water conservation projects.

This year, the state's investment has increased to agriculture from several channels such as finance and loans, and the largest amount of investment in capital

construction of agriculture has been spent on water conservation. Talking about this issue, Niu Maosheng said that in light of the country's not-so-abundant financial resources, the fact that planned investment in water conservation projects this year still increased 30 percent over last year is very encouraging. The state has made an earnest effort. But capital construction in water conservation has for a long time been in the red, while, to meet the need of national economic development, a number of projects to prevent floods, drain off flood water, and supply water to localities in the Ninth Five-Year Plan period have to be shelved due to shortage of funds. In fact, the effort to harness big rivers and streams is not just for agriculture, it is also a matter for the well-being of the whole society. We should fully arouse society's enthusiasm for building water conservation projects, because everyone will benefit. The key is to establish mechanisms of a benign cycle through reform.

Water is a unique problem in China, and we must face the reality that we have scarce water resources and must rely on society's strength to build water conservancy projects.

At present, many countries in the world are troubled by the increasing shortage of fresh water resources, whereas reducing and eliminating flood disasters, as well as harnessing water resources, is a global issue. Therefore the United Nations has decided that every year, 22 March is World Water Day, in the hope of awakening the whole of mankind to attach importance to exploration, utilization, protection, and management of water resources, and to take part in the process. Water is particularly a unique problem in our country, and Niu Maosheng explained this remark in the following way. He said that water resources are irreplaceable, cannot be regenerated, and are the source of human life, as well as important conditions for guaranteeing national economic and social development—this is the same everywhere in the world. The special significance of water to China is that our country is one which lacks water resources, comparatively speaking. China ranks sixth in terms of total quantity of water resources, but when this total is divided by 1.2 billion people, the country drops to 88th place. Our per capita possession of water resources is less than one-fourth of the world's average, whereas the distribution of this limited amount of water resources is extremely unequal in terms of time and space, and up to now there are still 80 million people in the country who have not solved their drinking water problem. Under the double pressure of continuous population growth and rapid economic development, China will continue to face a shortage of water resources for a relatively long period to come, and we will face a grimmer challenge compared with

other regions in the world. Due to various reasons such as unreasonable water prices, not everyone knows the above-mentioned conditions. For example, in Beijing, when Miyun Reservoir was first built, it was for supplying water to industrial and agricultural production in Beijing and Tianjin and to the residents in these two municipalities. However, there was not enough water subsequently and the demand for water was larger than the supply, so Tianjin was cut from the supply, then agriculture, and then industry, and now only Beijing is supplied from the reservoir. The shortage of water resources has already become a factor restraining economic development in many localities. We all must have a sense of water-related anxiety.

Every year we have only one World Water Day, but water is something we cannot lack every day and every hour; for the country's economic development, for society to become advanced and civilized, and for the sake of giving ourselves more clean water, let everyone of us cherish and protect water resources, and care for and support the development of the undertaking of water resources.

Daily Publishes Interviews With Grain Growers

HK1505100595 Beijing RENMIN RIBAO in Chinese
6 Apr 95 pp 1, 4

[Article by staff reporter Zheng Mengxiong (6774 1125 3574): "Record of Interviews With Households Growing Large Amounts of Grain"]

[FBIS Translated Text] Editor's note: The "Record of Interviews With Households Growing Large Amounts of Grain," published today in this paper, is worth reading.

It seems that under the precondition of upholding, stabilizing, and perfecting the household contract responsibility system with remuneration linked to output, it is very beneficial to engage in appropriate scale operations in the economically developed rural areas. It helps to stabilize the agricultural basis and develop grain production, helps to make full use of land, raise economic efficiency and increase farmer income, helps to accomplish the task of selling grain to the state, helps to farm scientifically and realize the modernization of agriculture, and so on. Naturally, to conduct appropriate scale operations, we must set out from local realities, follow the mass line, adopt numerous forms, and carry out such operations with leadership and a planned way. Never, never should we rush headlong into mass action in disregard of conditions. [end editor's note]

In economically developed coastal areas, young farmers are entering factories one after another. In some counties

and villages, only "three armies" (the bearded army, the women's army, and the children's army) are left behind to grow crops. The phenomenon of grainfields lying waste has even appeared. However, not long ago this reporter discovered when visiting Zhejiang's Jiashan City, a place producing commodity grain, that after the implementation of appropriate scale operations in some rural areas of the city, some farmers who used to work outside had voluntarily returned, becoming major grain-growers and getting rich quickly. They said: "In scale farming, the more we grow, the sweeter it is." For this purpose, this reporter has visited the heads of three families growing large amounts of grain. Let us listen to what they had to say.

Dai Xigen of Zhiguo Village Says: Growing Grain Can Make the Growers Rich and Benefit Both the State and the People

In the past, I was the director of the village-run wiredrawing factory. You ask me why I abandoned the position of director and became a big grain-grower. When all is said, it is still true that the party's policies are good, and they support farmers to conduct appropriate scale operations. In the past, a farming family in our village contracted an average of about eight mu of responsibility farmland and some as little as a mere five mu. If the net income was calculated at a rate of 372 yuan per mu, an ordinary farming family's annual income was only 3,000 yuan or so if its earnings came only from growing several mu of grain. After putting aside grain for self consumption and for sowing seeds, our livelihood would be difficult. This is exactly the reason farmers have been reluctant to grow grain. To solve this problem, it is necessary for the government to take many kinds of measures. One of them is to engage in "appropriate scale operation." The rationale is very obvious. At the same rate of 372 yuan worth of net income per mu, if each family or household still cultivates the original several mu of contracted farmland, its annual income is only around 3,000 yuan; if each family contracts 50 mu, the scale efficiency will kick in and an annual net income of 18,600 yuan can be earned. Taking into account the fact that the government has raised the purchase price of grain and that farmers themselves have made efforts to reduce costs in production, the income from growing grain is even more substantial. I returned to my village to become a big grain-grower in 1992. Since then I've calculated the past three years' accounts of income from growing grain: In 1992 I contracted 60 mu of grainfields. With the net income at 170 yuan per mu, my total income was over 11,000 yuan. In 1993 I contracted 76 mu of grainfields. With the net income at 372 yuan per mu, my total income was over 28,000

yuan. In 1994 I contracted 76 mu of grainfields. With the net income at 565 yuan per mu, my total income was over 41,000 yuan. With additional income from providing labor service and raising pigs, my family of three last year earned an income of 49,000 yuan, a several-fold increase over my previous salary as director. The presence of big grain-growers quickly solved the problem of grainfields lying waste, and the task of selling grain to the state has also been guaranteed. In the past three years, my family alone has sold nearly 100,000 kg of grain to the state. So we often say: Growing grain can make people rich and benefit both the state and the people.

Bao Yougen of Zhujia Village Says: The Modernization of Agriculture Has Very Bright Prospects

I am 33 years old this year. I graduated from high school in 1980, got my diploma from a broadcast agricultural secondary school in 1983, and worked as an agricultural technician in the village. I am the right kind of person for farming. I didn't get rich by driving cargo trucks in other localities. In retrospect, nothing can be better than being a big grain grower. Since the winter farming period of 1993, I have contracted from the village 51.63 mu of grainfields to grow grain. My total income reached 53,500 yuan last year. With costs deducted, my total net income for the whole year was over 30,000 yuan. Furthermore, we have sold the state more than 28,000 kg of commodity grain. Now that scale operations are being conducted, patches of farmland have been connected into single stretches, enabling one family to grow grain on dozens of mu of grainfields, even over 100 mu. In order not to lose the farming season and to raise economic efficiency, we are forced to engage in mechanization, learning science and technology with utmost effort. I have invested more than 19,000 yuan in buying a tractor, threshers, furrowers, sprayers, and a transport boat and have set up greenhouses with plastic sheets (for growing vegetables). I have linked myself to the county agricultural technology station. If there is any new breed or new technique, I shall be the first to use it in trials. For example, the improved breed "9147" yields high output, consumes less fertilizer, and has excellent quality. I grew it on a trial basis on 27 mu of land. Its output per mu was 100 kg more than that of other breeds. In the past, the weeding of paddies was done by hand. Now I weed them all using the latest weeding agents, and the effect is very good. I have also taken out 0.4 mu of land to grow strawberries on a trial basis. This line alone has earned me more than 3,000 yuan. In my leisure I often read books and newspapers. I read "Paddy Cultivation" and "Vegetable Cultivation." I have also subscribed to JIAXING KEJI BAO [Jiaxing

Science and Technology News]. There truly are many farming methods!

In 1992, I went to Japan's Shizuoka County for short-term study of agriculture. I witnessed that some family farms in Japan were not large in scale, each family farming around 100 mu of land. They generally do not hire field hands but depend on mechanization, socialized services, and scientific farming. Since foreign farmers can make agricultural modernization a reality, we Chinese farmers can definitely do the same. In my view, engaging myself in agriculture will have a good future and very bright prospects!

Yang Yongqi of Tingqiao Village Says: Big Growers Have Three Hopes, and Leaders Should Pay Attention to Them

My wife and I are both junior high school graduates. In the past I was a construction worker, earning three or four thousand yuan every year. Since the winter farming season in 1993, I have contracted from the village 118.3 mu of grainfields and reaped over 75,000 kg of grain, with a total income of more than 128,000 yuan. Costs deducted, the net income for the whole year was over 79,000 yuan, a more than 10-fold increase over what I earned when I was in construction. It is not easy to conduct scale operations, which needs investment as well as takes risks. Reduction in grain output will result in lost capital. It was only due to last year's fine weather, as well as careful management, that I won a good harvest and made some money. My family's income has increased. We shall spend part of it on agricultural production. We intend to buy farm machines and tools and build drying grounds. Another part will be used to improve our lives. I have paid off 20,000 yuan in debts arising from building a multi-storied house two years

ago. I have also bought a color TV set and bought my wife a gold ring as a keepsake. This is what is meant by "in scale farming, the more we grow, the sweeter it is."

Now, we big grain growers have three hopes:

First, we hope that policies will be stable. The household contract responsibility system with remuneration linked to output should be stabilized, and so should the policies on scale operations. For instance, the Jiashan City government has worked out 10 preferential policies for big growers to support us in conducting scale operations in various respects. We are very happy and quite free from worry. We hope that no changes will be made, and each and every policy should be put into practice.

Second, we hope that prices will be reasonable. On the one hand, grain prices should be reasonable and should not fluctuate violently. On the other hand, the prices for seed, fertilizer, pesticide, farm machinery, and farm tools should be reasonable and should not be raised at random. This year, from January to the present, three rounds of price increases for fertilizers have occurred here and we are all worried very much that farming costs will become higher and higher.

Third, we hope that there is a supply of suitable farm machinery. Judging from the situation here, there are tractors to turn over the soil and sprayers to protect the crops. What is most difficult at present is the lack of suitable transplanters and harvesters. Farming land of over 100 mu is difficult without mechanization. We hope that the leading departments concerned will carefully study the issue of how to realize the mechanization of agriculture.

East Region

Jiangsu One of 'Richest Places' in Country

OW1505024895 Beijing XINHUA in English
0134 GMT 15 May 95

[FBIS Transcribed Text] Nanjing, May 15 (XINHUA) — This obscure island, tucked in a corner of the lower reaches of the Chang Jiang River, was a destitute and poor place before liberation from foreign powers some 50 years ago, but now, it has become one of the richest places in China.

Last year, the island, now Yangzhong city, saw its gross domestic product grow 10.7 times over that of a decade before. Farmers' per capita income grew 2.64 times from 600 yuan to 2,184 yuan, far above the 1,400 yuan level of being fairly well off set by the central authorities, according to the city's statistics bureau.

Thanks to reforms and the opening policy adopted since the end of 1970s, the city has seen more than 60 percent of its farmers moving into two or three-storey buildings, said Lu Chaoyin, the city's mayor.

Farmers now on average have a per capita living space of 53.7 sq m, 3.47 times the standard for a fairly well off county, according to statistics.

In Jianxin village of Xinba town, the only building which has yet to undergo remodelling, belongs to a factory director, Xi Xinhai.

Xi said that he spent more than 100,000 yuan on a 246 sq m, two-storey building for his four-member family two years ago, and explains that because he hasn't been in this position for long he still doesn't have enough money to have the building refurbished.

He said that people spend at least 50,000 yuan on interior decoration, with some even spending as much as one million yuan, but that those who spend that much are salespeople or company managers.

In their spare time, he said, farmers go to the cinema, discos, and "do nothing less than what city folks do," and that many villages actually resemble towns.

Wang Pingsheng, an official with the Agricultural Economy Department of the State Planning Commission, said that China is encouraging the growth of small towns as a means of narrowing the gap between rural people and urbanites, and is considered to be in line with the country's goal of having all farmers be above the poverty line by the year 2000.

Jiangxi To Develop Beijing-Kowloon Railway Area

HK1205101495 Nanchang Jiangxi People's Radio
Network in Mandarin 1100 GMT 7 May 95

[FBIS Translated Excerpt] Yesterday morning, the provincial party committee and the provincial government called together leading cadres of departments concerned to discuss a good plan for developing productive forces along the Beijing-Kowloon Railway line, urging various localities and departments to seize and treasure the opportunity to accelerate the pace of opening up, development, and construction along the Beijing-Kowloon Railway line so that it will serve as the backbone of economic development in our province in the days to come.

Provincial Party Secretary Wu Guanzheng attended the meeting and delivered a speech. Shu Shengyou, deputy provincial party secretary and acting governor, and Huang Zhiquan, member of the provincial party committee standing committee and vice governor, attended the meeting and made remarks respectively. Zhong Jiaming, secretary general of the provincial party committee, was present at the meeting.

The Beijing-Kowloon Railway links up 22 counties and cities in our province and is over 700 km in length within the boundaries of the whole province. The area of land along the railway line and the population there accounts for 23 percent and 29 percent of the whole province respectively. Both Chinese and foreign figures said after the inspection that the area in the section along the railway line has the most beautiful scenery, richest resources, greatest investment opportunities, and largest development potential. [passage omitted]

Provincial Party Secretary Wu Guanzheng pointed out in his speech. The whole Beijing-Kowloon Railway will be open to traffic in two years. As the development of Pudong in Shanghai at present has enabled provinces along the Changjiang River to accelerate the pace of economic construction, foreign investment in coastal areas is also being diverted to the hinterland step by step. The opening of the Beijing-Kowloon Railway will bring our province an extremely good opportunity, and we must never miss it. The Jiang section of the Beijing-Kowloon Railway makes up half of the railway and runs through 22 counties and cities in our province. Party committees and governments at all levels must have strategic insight and seriously study how to seize the opportunity to promote development and accomplish economic construction along the railway line, and it should be treated as a big move having a bearing on expediting provincewide reform and construction which requires elaborate planning and step-by-step implementation. This year and the next, the progress

made in the opening up, development, and construction along the Beijing-Kowloon Railway line is of utmost importance, and various localities and departments must have a sense of urgency and pay due attention to the major event, we should not miss this opportunity.

Wu Guanzheng pointed out emphatically: To make the construction along the Beijing-Kowloon Railway line a success, we must, from now on, pay close attention to situation analysis, study the way to deal with it, and have a firm grasp of projects, foreign investment, and talents. We must integrate economic development with the improvement of the ecological environment and integrate urban construction with primary, secondary, and tertiary industries. We must reform and reorganize well existing state-owned enterprises; vigorously develop township and town enterprises, foreign-invested enterprises, and individual and private enterprises; pay close attention to urban construction along the railway line; and develop tourism. This year and the next, we must pay special attention to the construction of afforestation belts along the railway line, particularly the planting of fruit trees and ornamental plants; improve our spiritual and moral qualities; and maintain our social order; so that foreign businessmen investing in Jiangxi will experience a good environment while finding our people polite, and have a sense of security as well. Party committees and governments at all levels along the railway line should seriously study how to seize such a good opportunity and make a resolve to overcome every difficulty in accelerating the pace of economic construction along the Beijing-Kowloon Railway line, so that it will gradually become the backbone of the provincial economy.

Shu Shengyou, deputy provincial party secretary and acting governor, stressed in his speech: Seizing the opportunity to accelerate the pace of opening up, development, and economic construction along the Beijing-Kowloon Railway is a magnificent feat not only for the benefit of the present but also for later generations. We must strengthen the propaganda in this respect which will not only boost the morale of the people throughout the province but will also make Jiangxi better known to the outside world. Departments at all levels must orient themselves to the two markets, base themselves on local superiority, and rely on new- and high-technology to develop pillar industries. In particular, leaders at all levels must personally take up this task, study it meticulously, act in unison with their subordinates, work out feasible plans, bring into effect the arrangements, make a breakthrough in focal points, and devote their energies to key areas, so as to expedite opening up, development, and construction along the Beijing-Kowloon Railway line.

Shandong Secretary at Commodity Inspection Meeting

SK1305070095 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 12 May 95

[FBIS Translated Text] On the morning of 12 May, Zhao Zhihao, secretary of the provincial party committee, attended the provincial commodity inspection work conference held in Qingdao and gave an important speech on intensifying the functions of commodity inspection and expanding opening up.

Zhao Zhihao pointed out: Commodity inspection departments are the economic supervision and law-enforcement groups having business relations with foreigners and playing an unreplaceable role in economic development. To make this work a success, we must conscientiously grasp the following four points:

1. We should properly handle the relationship between making checks and rendering devices and between strengthening management and providing conveniences, thus realistically attaining the goal of making checks in a civilized manner and providing good service.
2. We should adopt effective measures to promote the strategy of taking product quality as the top concern; maintain a good development trend in export and an ample supply of goods; vigorously develop quality, finely processed, and high value-added products; and gradually improve the structure of export products.
3. We should inspect commodities strictly and in line with the law.
4. We should take deepening reform as the motivation and developing the economy as the central task, improve commodity inspection organs; make all inspection personnel foster the ideology of serving the people wholeheartedly and pass the test of money, materials, and rigorous living conditions; and safeguard the brilliant image of commodity inspection departments and the prestige of the state with concrete deeds.

Shandong Training Nonparty, Grass-Root Cadres

SK1305130995 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 10 May 95

[FBIS Translated Text] The organizational and united front work departments under the provincial party committee sponsored a forum on 10 May to give a send-off to the first group of cadres from various democratic parties and the federation of industry and commerce at the provincial level, who will go to grass-roots levels to take up a concurrent job for training.

Han Yuqun, member of the provincial party standing committee and director of the united front work department,

ment under the provincial party committee, attended and addressed the forum.

This is the first time the province has selected and dispatched cadres of various democratic parties and nonparty cadres to take up a concurrent job for training at the grass-roots level. Such a measure is aimed at cultivating nonparty persons in the new historic period, at upgrading these persons' capability in discussing and participating in political and government affairs, and at enhancing the construction of leading bodies and organs under various parties and groups.

Nine office cadres selected from the provincial Kuomintang Revolutionary Committee, the provincial Democratic League, the provincial Democratic National Construction Association, the provincial Association for Promoting Democracy, and the provincial Federation of Industry and Commerce, are young and with good political quality as well as with a certain level of specialized technologies and practical work experience. Within the next few days, they will go to the counties, districts, and townships of the three cities of Jinan, Weifang, and Laiwu, respectively, to take up a leading post for training.

Shanghai's Huang Ju on Reliance on Working Class

OW1205145695 Shanghai People's Radio Network in Mandarin 2300 GMT 9 May 95

[From the "990 Morning News" program]

[FBIS Translated Text] Yesterday [9 May] the municipal party committee and municipal government held a meeting at the Shanghai Exhibition Center to transmit and implement the guidelines of the national commendation meeting of model and advanced workers.

Huang Ju, Political Bureau member of the CPC Central Committee and secretary of the municipal party committee; municipal leaders Chen Zhili, Wang Liping, Chen Liangyu, and Ye Gongqi; and Teng Yilong, vice president of the All-China Federation of Trade Unions, attended the meeting.

Huang Ju gave an important speech at the meeting. He said: In comprehensively implementing the national meeting's guidelines, we should always adhere to the basic principle of relying on the working class wholeheartedly; bring into full play the role of workers as the masters of the country in deepening the reform of state enterprises; and go all out to publicize the lofty ideas and exemplary deeds of model and advanced workers.

At the meeting, Vice Mayor Jiang Yiren transmitted the guidelines of the national meeting; and Chen Liangyu, deputy secretary of the municipal party committee, read a decision of the Shanghai municipal party committee

and municipal government on launching an extensive and in-depth campaign to emulate national model and advanced workers. Bao Xinbao, chairman of the municipal trade union council, announced that (Bao Qifan) and nine other pathbreakers of innovations would be conferred the title of Shanghai's 10 leading workers-inventors; and read a decision of the municipal trade union council to commend the 10 leading inventors.

Zhejiang Farmers Return From Urban Businesses

OW1405031795 Beijing XINHUA in English 0259 GMT 14 May 95

[FBIS Transcribed Text] Hangzhou, May 14 (XINHUA) — More than 10,000 farmer-turned businessmen have returned to their villages to do farming, a more profitable trade now in east China's Zhejiang province, according to the provincial statistics bureau.

An official from the bureau said that one of the reasons behind their return was the government's raising of grain purchase price last year.

The official said that the new farmers are different from their fathers for they know more about market changes and prefer to adopt new scientific and technological skills in farming.

"They manage the fields like they manage their businesses in the cities," he said.

Shi Shenggen, who was a hotel manager five years ago, now takes care of more than 120 hectares of farmland, most of them belonged to farmers who left for jobs in the cities.

Last year Shi who has a cellular phone and also employed several people, earned more than 200,000 yuan from selling grain to the state alone.

Zhang Qinggen, who used to be a salesman in a township enterprise, returned to farming with his colleague and contracted about ten hectares of land.

"Farming can also be lucrative if the fields are managed well," he said.

Zhu Guo, 28, even set up a share-holding agricultural company processing vegetables, husking rice and raising pigs, in addition to cultivating grain crops.

Southwest Region

Reports on Tibet CPPCC Session

Deputy Secretaries General Named

OW1205143995 Lhasa Tibet Television Network
in Mandarin 1200 GMT 10 May 95

[Announcer-read report: from the "Regional News Hookup" program]

[FBIS Translated Text] Decision on Appointing (Deginwangmu) and (Luosangqundan) as deputy secretaries general of the Tibet Autonomous Regional Committee of the Chinese People's Political Consultative Conference [CPPCC], adopted by the Eighth Session of the Standing Committee of the Sixth Tibet Autonomous Regional CPPCC Committee on 10 May 1995

Based on the nomination by Secretary General Xu Hongsen of this Standing Committee, the Standing Committee session has made a decision on appointing Comrade (Deginwangmu) and Comrade (Luosangqundan) as deputy secretaries general of the Tibet Autonomous Regional CPPCC Committee.

Session Opens 13 Mar

OW1305151695 Beijing XINHUA in English
1441 GMT 13 May 95

[FBIS Transcribed Text] Lhasa, May 13 (XINHUA) — The Third Session of the Sixth Tibet Regional Committee of the Chinese People's Political Consultative Conference (CPPCC) opened today in Lhasa, capital of southwest China's Tibet Autonomous Region.

Pagbalha Geleg Namgyai, vice chairman of the Standing Committee of the National People's Congress and Chairman of the CPPCC Tibet Regional Committee, presided over the meeting.

Attending the meeting are 431 members, among whom 92 are of Tibet nationality.

Lhamin Sonam Lhunzhub, vice chairman of the CPPCC Tibet Regional Committee, delivered a report on the work of the Standing Committee of the CPPCC Regional Committee.

He said that in the past one year, the eight special committees under the CPPCC regional committee have conducted investigations and submitted a lot proposals on the region's hot issues, such as public security, township enterprises' development, commodity prices and protection of consumers' interests.

He said that most of the 148 proposals submitted by the members have been adopted by the government departments.

Tibet People's Congress Standing Committee Closes

OW1305164295 Lhasa Tibet Television Network
in Mandarin 1200 GMT 10 May 95

[From the "Regional News Hookup" program]

[FBIS Translated Text] [Video shows wide shots of about 30 conferees seated behind conference tables in a room; closeup of Raidi; and medium shots of some conferees] The 14th Session of the Sixth Tibet Autonomous Regional People's Congress Standing Committee closed in Lhasa on 10 May. Raidi, chairman of the autonomous regional People's Congress Standing Committee, chaired the meeting. Of the 41 standing committee members, 15 were on either sick leave or emergency leave; and 26 were present at the meeting, constituting a quorum.

On the 10 May meeting, the Standing Committee members adopted, after deliberation, the draft of the autonomous regional People's Congress Standing Committee's work report and submitted the report to the Third Session of the Sixth Autonomous Regional People's Congress for examination and approval. The Standing Committee members approved, after examination, some personnel appointments and removals.

The vice chairmen of the autonomous regional People's Congress Standing Committee present were Puqung, Senggen Lozong Gyaincain, Pudoje, Sanding Doje Pamo Deginquzhen, Gong Daxi, Tian Fujun, Baimaduoji, and Cui Jiguo.

Present as non-voting delegates were Gyamen, executive vice chairman of the autonomous regional people's government; (Basang Pingduo), vice president of the autonomous regional higher people's court; (Zhaxi Luchu), deputy chief procurator of the autonomous regional people's procuratorate; deputy secretaries general of the autonomous regional People's Congress Standing Committee; some members of special committees of the autonomous regional people's congress; responsible persons of the autonomous regional People's Congress liaison offices in various localities; and the responsible person of the Lhasa City People's Congress Standing Committee.

Regional Survey Shows Tibet 'Pollution-Free'

OW1505042195 Beijing XINHUA in English
0347 GMT 15 May 95

[FBIS Transcribed Text] Lhasa, May 15 (XINHUA) — Referred to as "the roof of the world", southwest China's Tibet, has been shown to be the least polluted area in the world, according to a regional environmental survey published here today.

The area has no man-made radioactive pollution or acid rain. The destructiveness of human beings is lower here than anywhere in the world, even though industrial and energy projects have been completed in various parts of Tibet in recent years, the survey showed.

The ecology in Tibet is virtually in a primitive state. Using the amount of uranium, thorium, radium-226, and potassium-40 present as a reference, according to a Chinese environmental scientist participating in the survey, the capital city of Lhasa enjoys the purest and freshest air on the globe.

The region was picked as a national model in boosting economic growth and urban engineering while maintaining a pollution-free environment.

This was because the region is an agricultural and pastoral area, but uses hydroelectric power, and thermal and solar energy to support the growth of industry and other sectors, according to a local government official.

He also attributed the success to the implementation of a regulation on environmental protection and a mass afforestation campaign.

The region has built 13 nature preserves at the state and regional level with a total area of 325,400 sq km, which cover 26.5 percent of the total land in the region. More than 160 rare species of plants and animals on the verge of extinction are now under the protection of the local government.

Over 80 percent of smoke stacks have been equipped with particle removers.

Local residents have planted trees on 10,000 ha of barren land since 1990. Greenbelts not only prevent severe sandstorms but also yield economic results. The per capita covered area in Lhasa averages 12 sq m.

North Region

Beijing Party Secretary Speaks on Stability

SK1505091095 Beijing BEIJING RIBAO in Chinese
11 Apr 95 p 1

[FBIS Translated Text] Chen Xitong, secretary of the municipal party committee, delivered a speech at the capital's work conference on spiritual civilization construction on 10 April. He stressed that fostering a correct world outlook and a correct outlook on life represents the most important issue of building up spiritual civilization. Under the leadership of the CPC Central Committee with Comrade Jiang Zemin at the core, we must vigorously grasp the construction of spiritual civilization and the improvement of the world outlook and unswervingly carry forward with a clear-cut stand the anticorruption struggle. Efforts should be made to

integrate the construction of spiritual civilization and the anticorruption struggle with the safeguarding of the whole situation in stability. We should continuously and unswervingly place the work of maintaining the capital's stability in the first position and should exert all-out efforts to make a success in this regard.

In his speech, Chen Xitong on behalf of the municipal party committee and the municipal people's government, extended warm congratulations to the units that were awarded at the work conference. He stated: The construction of spiritual civilization is a big issue repeatedly stressed by the CPC Central Committee with Comrade Jiang Zemin at the core and also stressed again and again by Comrade Deng Xiaoping. In particular, Beijing should grasp the construction of spiritual civilization by giving construction a prominent position because it is the capital of the country, is the political and cultural center of the country as a whole, and is one of the domestic and international contact centers. We have grasped the construction in this regard in line with the central guideline over the past many years. However, there is still a gap in the work. Having summed up the 10 major deeds for the construction of spiritual civilization in the municipality this year means to enable the construction to be fully carried out, to be carried out in a large amount, and to be implemented in a down-to-earth manner. Such deeds are not flexible tasks, if we fail to accomplish them, we will suffer problems everywhere. It is hoped that the spiritual civilization construction this year will be better than that of 1994.

Chen Xitong stated: Socialist spiritual civilization is the important characteristics of socialist society. Comrade Deng Xiaoping stressed that efforts should be made to grasp material civilization on the one hand and spiritual civilization on the other and that efforts should be made to take a two-handed approach and to be tough with both hands. This is a fundamental guideline for the country to build modernizations. Comrade Jiang Zemin also repeatedly stressed: While successfully building material civilization, it is imperative to firmly and successfully build spiritual civilization in a down-to-earth manner. He particularly pointed out: "Fostering a correct world outlook and a correct outlook on life was, is, and will be the most important task undertaken by every cadre and party member." "All cadres and party members must clarify what they are living for. If they are living for themselves or for their family, such a significance on life will be very limited. Only by working for the interests of the society, nation, and collectives by disregarding our own safety and unreservedly contributing our intelligence and wisdom can we have a true significance on life and enjoy a glorious and glistened life." This indicates that "molding

people with the lofty spirit" and fostering a correct world outlook and a correct outlook on life represent the most fundamental issue for cadres and party members to upgrade their quality of ideology and politics, as well as represent a core and most important issue of building socialist spiritual civilization.

Chen Xitong pointed out: Since the programs of reform and opening up, the overwhelming majority of leading cadres have resolutely implemented the central authorities' principles and policies and experienced all sorts of trials cropping up under the new situation. However, there are actually few cadres who are weak in will, have failed to stand the test, and have been defeated by the corrosive influence of bourgeois ideology and living style. They have also seriously damaged the image and prestige of the party and the government. Reasons for their failure and their suffering of a defeat are multiple. What is most important and fundamental is that they have not done a good job in improving their world outlook and in dealing with the issue of what they are living for. It is inevitable for cadres who have failed to improve their world outlook to fail to stand the test. Moreover, cadres who are originally good may become bad under such a situation. Improving the world outlook represents a protracted task and enhancing the education on world outlook represents an extremely important content in building spiritual civilization. In particular, party and government leading cadres at all levels and the broad masses of party members should do a good job in dealing with the issue of what they are living for. Only by deepening the education can we build up a great wall of resisting corruption and preventing changes among the cadres' contingents, will we be able to greatly expedite the deepening development of anticorruption struggle, will we be able to upgrade the enthusiasm and initiative of cadres at all levels in going into action to wage anticorruption struggle, and will we be able to further broaden the victorious results scored in the anticorruption struggle.

Chen Xitong stated: We should note that it is a good thing for us to expose some problems. The exposure of problems is better than the concealment of them and the early exposure of them is better than a late one. Bad things exposed in the drive may become good things through the summarization of reasons and the assimilation of lessons. Otherwise, these hidden bad things may develop into greater problems. The exposure of some problems represents the manifestation reflecting the determination and power of the CPC Central Committee with Comrade Jiang Zemin at the core, the manifestation reflecting the deepened anticorruption struggle, and the manifestation reflecting the victory scored in the anticorruption struggle. Only by deepening the anticor-

ruption struggle can we expose problems, remove our malignant tumors, relieve our pathological changes, enable our organism to become more healthy, enable the party to be stronger, and enable our cadres' contingent to be more purified.

He stressed: We must vigorously grasp the construction of spiritual civilization under the leadership of the CPC Central Committee with Comrade Jiang Zemin at the core, vigorously carry out the improvement of world outlook, and resolutely carry forward the anticorruption struggle with a clear-cut stand. We should investigate or grasp through to the end all cases no matter the level of the unit or which personnel were involved. By no means should we be softhearted and indulgent in handling the cases. We should handle cases in line with the law and will never allow shielding and meddling. Party organizations, units, and leading cadres at all levels should uphold the party life meeting; should be strictly self-disciplined; and should resolutely investigate and handle serious and appalling cases. By no means should they put aside cases for investigation and pay no attention to the results of investigation. We should resolutely support the work undertaken by public security organs, procuratorial organs, and people's courts and create more fine working environments and conditions for them. Party organizations and leading cadres at all levels and the broad masses of party members should bring their vanguard and model role into play and earnestly deal with the problems of world outlook and of the outlook on life. By so doing they will certainly be able to win a still greater victory in the anticorruption struggle.

Chen Xitong pointed out: Currently, grasping the construction of spiritual civilization and the anticorruption struggle should be integrated with the safeguarding and stabilizing of the whole situation. Without a stable and peaceful environment that is a premise condition, we are in no position to mention the programs of reform and opening up, economic construction, the construction of democracy and legal systems, and the construction of spiritual civilization. It is impossible for us to carry out the anticorruption struggle in line with the plan. We must continuously and unswervingly safeguard, as we did for protecting our eyes, the capital's stability by putting the safeguarding in this regard in a prominent position and must exert all-out efforts to make a success in the work. We should resolutely safeguard the authority of the CPC Central Committee with Comrade Jiang Zemin at the core, unswervingly implement the party's basic line under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and should do a good job in a down-to-earth manner in conducting the work in various fields

in line with the central arrangements and the plan for the municipality as a whole. A good job should be done in conducting the work of social stability, which is the central link of consolidating or establishing public security committees; in conducting the work of readjusting the economic structure; and in conducting the education work of rendering services for the central authorities, for domestic and international contacts, and for the people across the municipality. A good job should also be done in dealing with the several difficult problems for realizing the target of becoming better-off and in conducting the work of party building, of urban construction and management, and of the management of over population. In particular, tasks for rendering services for the World Conference on Women are very arduous and heavy and we must double our efforts to do a good job in making preparations. All in all, we should unify our thinking; heighten our spirit; unite as one; and should make efforts to better conduct the work in various fields this year under the correct leadership of the CPC Central Committee with Comrade Jiang Zemin at the core and under the support of the vast number of people.

Chen Xitong at Beijing Meeting on Grain Supply

SK1405041295 Beijing BEIJING RIBAO in Chinese
14 Apr 95 p 1

[By reporters Ding Yatao (0002 0068 7290) and Xi Weihang (1598 0251 5300): "Grain Departments Should Give Play to Their Roles as Main Channels and Guarantee Grain Supply"]

[FBIS Translated Excerpt] On 13 April, the municipal party committee and government held a meeting to exchange the experiences of retail grain departments across the municipality. Chen Xitong, secretary of the municipal party committee, and Mayor Li Qiyang stressed: Grain departments should give play to their roles as main channels and do a good job in guaranteeing grain supply to residents. It is necessary to establish designated grain shops and develop chain businesses. Since grain departments in the suburban areas can solve the problems of low-income workers, grain departments in the outer suburbs and other municipal departments should also do so. Suburban grain departments should have new objectives, attend to "leading" enterprises, accelerate the modernization of processing means, follow the path of industrialization and conglomeration, and enable the grain industry to prosper and to become one of the pillar industries of the municipality.

After the implementation of the policy of doing grain business through various channels in 1993, state-owned grain enterprises in Beijing witnessed a decline in the sales volume, operational deficits, and a drop in the workers' income for some time. The municipal party

committee and government paid great attention to this. Chen Xitong, Li Qiyang, and other comrades went deeply to the grass-roots grain shops on several occasions to conduct investigation and study, and explore ways to solve problems, urged state-owned grain enterprises in eight suburban districts to play a positive role as the main channels, and helped grain shops running in the red to end deficits within last year. With the help of the district leaders to grasp the "designated grain shops" and the great support of relevant departments, workers of the grain retail enterprises emancipated thinking, changed concepts, actively changed the operational mechanism, and achieved good success. First of all, they played a role as the main channels, made all-out efforts to ensure the supply of grain and oil-bearing crops, and guaranteed the residents' basic needs of grain and oil-bearing crops. They strictly implemented the price policy and guaranteed the smooth issuance of reform measures. Meanwhile, grain retail departments also developed the intensive processing of grain and oil-bearing crops, carried out diversified undertakings, made things convenient for the people's living, and succeeded in raising efficiency. Last year, they created 12.86 million yuan in profits, ended the deficit-incurring situation of the previous year, raised the income of grain shops with financial difficulties, enabled the average per capita income of workers to increase by 35.6 percent over the preceding year, and kept the contingent of grain workers stable. [passage omitted]

While working out plans for this year's work, Vice Mayor Meng Xuenong called on state-owned grain shops to continuously give play to their role as the main channels, strictly implement the supply policy, and conscientiously provide conveniences and service for the people. It is necessary to establish designated grain shops and develop chain business. The eight suburban districts should designate 600 grain shops, and the outer suburban districts and counties should designate 200 grain shops, and they should be managed as authorized grain shops. This year, eight districts should turn 200 designated grain shops into chain shops and each district should establish one coordination and delivery center. It is necessary to develop foodstuffs production, carry out diversified undertakings, establish key enterprises, raise economic efficiency, and carry out all tasks in a down-to-earth manner.

Li Qiyang also gave a speech. He thanked the broad masses of cadres, staff, and workers of the grain departments for their hard work, especially the active efforts of cadres and workers of the grass-roots grain shops, and for their efforts to help the municipal party committee and government eliminate misgivings and resolve difficulties and to make gratifying achievements.

He stressed: It is necessary to fully recognize the importance of grain supply work. The municipal party committee and government have persistently exerted strenuous efforts to ensure stability. In addition to maintaining public security and guaranteeing order for people's lives, we must regard grain supply work as an important task of grasping stability, serving "the central authorities, international and domestic contacts, and the people in the capital," and reforming the grain departments, and must grasp them well.

Li Qiyang called on grain departments to deepen reform, work hard, and continue to help grain shops end deficits, increase profits, and develop business. He added: This is the fundamental work for guaranteeing success in grain supply. The typical experiences introduced today show that these units have succeeded in deepening reform, adapted themselves to the change of market economy, accumulated some experiences, and passed the test. This year, we should continue to regard this work as the priority, and while basically guaranteeing grain supply to residents, should develop various business channels and enable the grain shops to become prosperous and workers to unceasingly increase their incomes. Leaders at all levels should pay attention to this work and make it successful.

Li Qiyang pointed out: We should do a good job in building in the capital a supply system for grain and oil-bearing crops with the establishment of state-owned designated grain shops as the core and chain businesses as the links, and should regard this as a breakthrough point for ensuring the supply of grain and oil-bearing crops. We should make unified plans for grain shops, have a rational distribution of designated grain shops, make things convenient for the masses, proceed from reality, set the progress and target for our work, conduct supervision and inspections, and firmly implement the plans. All relevant municipal departments and all district and county governments should jointly make contributions to grain shops, particularly the establishment of designated grain shops. All districts and counties should assign special personnel to take charge of this work, support them in terms of policies, and guarantee the investments and a rational amount of subsidies will be put into place. In addition, they should also strengthen market management, try by all possible means to organize the sources of goods and wholesales, and do a good job in grain supply and marketing work. Most grain enterprise workers are good. However, it is also the case that some people have resold grain at a high profit. This goes against the interest of the people and professional ethics, which must be treated conscientiously. Those who dare to go against the wind must be strictly punished and must not be treated

leniently. Since we are working in the capital, we must give consideration to the overall situation and observe discipline. It is hoped all participants will earnestly study typical experiences, act in accordance with the plans of the municipal party committee and government, do a better job in grain supply work, and push the work to a new stage.

Chen Xitong gave a speech in which he affirmed the vivid and thoughtful typical experiences. He stressed: To make Beijing Municipality attain a level of moderate prosperity three years ahead of schedule, or by 1997, we must conscientiously resolve the three most difficult issues, namely: the issue of helping outlying remote mountainous areas shake off poverty and become prosperous, the issue of solving the problems of low-income workers, and the issue of housing. Last year, all sectors grasped the problems of low-income grain enterprise workers, and through common efforts enabled the average per capita income of workers to reach the municipal average level. Grain shops raised efficiency, gave play to their roles as the main channels, guaranteed the supply of grain and oil-bearing crops, and made great contributions. Solving the difficulties of low-income workers and enabling their income to attain the municipal average level is a major issue that party committees and governments at all levels must care for and grasp conscientiously. What the suburban grain departments have accomplished other departments in the municipality can also accomplish. Like the grain departments, leaders should pay attention to this work, grasp it personally, conduct investigation and study, adopt various measures, turn deficits to profits under the market economic conditions, and make their own departments prosper. Grain departments in the outer suburban districts and counties have also suffered deficits. They should learn from the city proper, set their own objectives, and strive to end deficits and gain profits this year. Chen Xitong called on suburban grain enterprises to strive for still better achievements, set new objectives, issue measures and methods, not to incur deficits, and make the grain industry prosper in the capital and become one of the pillar industries. There are many ways to make this a success. Grain departments have many processing means, fixed assets, and the broad masses of workers as well as have accumulated lots of experience. They should grasp "leading" enterprises that are closely related to grain, do a good job in the intensive processing of grain products, and enable grain enterprises to become industrialized and intensive conglomerates. At present, the grain foodstuff processing industry is still very backward, which gives no conveniences to the masses and cannot raise the value of grain. We must strive to change this backward situation. Grain processing industry covers an extensive sphere.

This sector should make use of and give play to its advantages, quicken the tempo of modernizing the processing means, meet the market demands, and enable the grain industry to prosper.

Chen Xitong pointed out: We should do a good job in building designated grain shops, regard them as the core and foundation, carry out chain business, successfully manage the coordination and delivery centers, and organize them well. These moves are helpful to replenishing one's stock, marketing, implementing the price policies, reducing costs, and providing convenience for the masses. We should persist in grasping them well until desired results are achieved. Grain departments are shouldering the heavy trust of the state and the people. They must give play to their roles as the main channels and do a good job in ensuring grain supply to residents. Grain shops may engage in diversified undertakings; however, they must take "grain" as the primary job and must fulfill their own tasks. We should implement the method of "negating all achievements if one designated aspect of work is not well done," which means that if grain departments cannot guarantee the supply of grain and oil-bearing crops, they will not be commended even if they make better achievements in other aspects of work; they will even be criticized.

Ouyang Wenan, member of the standing committee of the municipal party committee, presided over the experience-exchange meeting. Duan Bingren, Fan Yuanmou, and Zang Hongge also attended the meeting.

Li Qiyan Speaks at Beijing Meeting on Economy

SK1505040295 *Beijing BEIJING RIBAO in Chinese*
15 Apr 95 p 1

[By reporter Bai Fuyi (4101 4395 5030) of the Beijing People's Radio Station and reporter Sun Yushan (1327 3768 1472) of BEIJING RIBAO: "Actively Carry Out the Work Closely Related to the Interest of the Masses"]

[FBIS Translated Text] On 14 April, the municipal government held its 54th executive meeting to analyze the municipal economic situation of the first quarter of this year. Mayor Li Qiyan stressed: It is necessary to firmly grasp the priorities of economic work and maintain a sustained, rapid, and sound economic development trend. We should pay great attention to vigorously and successfully carrying out all tasks that are closely related to the immediate interests of the masses; resolutely safeguard stability in the capital; enhance spirit; work in a down-to-earth manner; and strive to fulfill this year's various tasks.

At the meeting, the municipal department dealing with comprehensive work and the economic department respectively gave briefings. During the first quarter of

this year, the municipality as a whole witnessed a good start in its economic performance, and the national economy continued to maintain a sustained, rapid, and sound development trend that was mainly manifested in the following: The GDP continued to increase. During the first quarter of this year, the GDP of the municipality as a whole totalled 21.37 billion yuan, up 11.4 percent if calculated in terms of comparable prices. The areas sown to winter wheat increased by 150,000 mu over the previous year, and the seedling growing situation was good. Vegetable output was higher than the same period last year by 20.8 percent, and newly-increased 150,000 mu of vegetables were planted. Industrial production and sales increased comprehensively, and the volume of the supply of goods for export rose by a large margin. The consumer goods markets in urban and rural areas were brisk; the banking situation was stable, with local financial revenue increasing by 9.6 percent; and the rise in commodity prices declined on a monthly basis. The situation of storing major commodities for future use was basically normal, and the supply of goods essential to the people's living was abundant. The consumption funds appropriately increased, the investment in fixed assets increased steadily, and the investment structure was rational. The progress of building key projects met requirements. The effectiveness of using foreign capital was enhanced, and foreign export trade rapidly increased. The major issues that need attention and solution in the economic development are: we should pay greater attention to controlling price increases; do a good job in raising and distributing funds; adopt effective measures to protect the production enthusiasm of peasants and stabilize and increase the production of nonstaple foods; exert strenuous efforts to raise the economic efficiency of enterprises; and adopt effective measures to continuously maintain a good trend in foreign export trade as well as further expand the dynamics in using foreign capital.

Li Qiyan said: Judging from the general situation, the economic situation of the entire municipality during the first quarter of the year was good. In the meantime, we should not neglect problems and difficulties; in particular, the task of controlling price increases has remained arduous and the declining situation in enterprise economic efficiency has not been fundamentally reversed. The demands put forward in the 1995 work priorities of the municipal party committee and the various tasks stipulated in the "government work report" approved by the third session of the 10th municipal people's congress are quite clear. We must firmly grasp and implement them and guarantee the fulfillment of the annual plans.

Li Qiyao called for firmly grasping the priorities of economic work and maintaining a sustained, rapid, and sound national economic development trend based on the following: 1) we should continue to curb inflation and control the overly rapid increase in commodity prices; 2) firmly and successfully grasp the building of the "vegetable basket" and "rice sack" projects; 3) actively promote the readjustment of economic structure; 4) strive to increase financial revenues as well as the collection and distribution of all kinds of funds; 5) strictly control the scope of investment in fixed assets, optimize the investment structure, and guarantee that all key projects covered by the plan can be completed on schedule; 6) do a good job in experimenting with the modern enterprise system and promote the deepening of all reforms; 7) open up the municipality wider to the outside world, promote international friendly contacts, and fully use the favorable opportunity of obtaining approval from the State Council to implement the coastal city opening up policy in the municipality to expand the dynamics of opening up and make a new breakthrough this year; and 8) conscientiously work out the "Ninth Five-Year" Plan and plans for the year 2010.

Li Qiyao stressed it is necessary to pay great attention to and do a good job in all tasks that are closely related to the immediate interests of the masses. This is of great significance in achieving development objectives and maintaining social stability. We should work steadily, make solid progress, and grasp this work well until good results are achieved. We should try by all possible means to guarantee the supply of goods essential to the people's living and accelerate the readjustment and perfect the retail networks closely related to the people's living, such as grain shops, vegetable shops, and nonstaple food stores. If conditions permit, nonstaple food stores may establish special vegetable corners and dispatch mobile vending cars. The supporting living service facilities in residential areas should be built and improved, and those that have been used for other purposes should be rapidly restored for use. Meanwhile, we should actively adopt various forms such as carrying out chain business, using large stores to bring along small ones, carrying out diversified undertakings, and adopting supporting policies, we should also add vitality to small stores. We should realistically guarantee the need for the basic living of peasants and low-income households in outlying mountainous areas. Regarding low-income people, particularly the disabled, governments at all levels and all relevant units should realistically care for them, adopt various effective methods to help them eliminate misgivings and resolve difficulties, and guarantee the needs for their basic living; as for retired personnel, they should pay close attention to establishing and improving the com-

pensation mechanism aimed at adjusting income along with price increases and enable them to steadily enhance their standard of living; for those low-income workers working in enterprises running at half capacity or brought to a standstill, they should give subsidies and ensure the needs for their basic living. Continued efforts should be made to accelerate housing construction to ensure sound living conditions and to renovate dangerous and shabby houses as the priorities, and firmly begin new housing projects and restore the construction of suspended projects. Concerning some difficulties and problems cropping up in the course of implementing the project to ensure sound housing conditions, particularly problems in the course of relocation, relevant departments should conscientiously treat them and properly resolve them. We should exert strenuous efforts to grasp water, electricity, gas, heating, telecommunications, roads, and communications construction closely related to the people's living, and if necessary should adopt measures to guarantee electricity and water supply to residents.

Li Qiyao said: Resolutely safeguarding stability in the capital is the primary work task of this year. We should firmly implement the responsibility system of leaders. Party and government senior leaders from all districts, counties, and departments should clarify their political responsibility for safeguarding the security of their own places. We should strive to solve the hot issues the masses are concerned with and properly handle all social contradictions. Special operations should be combined with mass efforts and mass prevention, and remedies should be provided so as to lay a foundation for stability. The patrol police in suburban areas should all be sent to the streets before "May Day," and after establishing the security maintenance associations, efforts should be made to consolidate and improve their work. In view of the prominent problems, we should deepen the struggle against criminals. We should attend to ensuring "good service, good order, a good environment, and guaranteed safety" in order to greet the convocation of the World Woman's Congress.

Li Qiyao stressed: Leading cadres at all levels should enhance their spirit, strengthen unity, work in a down-to-earth manner, and strive to fulfill this year's various tasks. We are communists and the people's governments. Most of our party-member cadres are honest in performing official duties and diligent in doing administrative work to serve the people. We must persist in resisting corruption and degeneration, take stern actions against and punish law-breaking acts and crimes, and resolutely continue the anticorruption struggle. We should recognize that the exposed problems are bad things but they are also good in another sense. It is

better to expose them than not to expose them and the earlier we expose them the better, because from these problems we can sum up experience, draw lessons, and turn the bad things into good ones. Leaders at all levels and all departments should strengthen unity and unite their ideologies with the general tasks of the party and the whole country and with the central work tasks of the municipality. We should consciously enhance party spirit, strictly observe organizational discipline, ask for instructions and give briefings more frequently, and resolutely manage things in line with stipulations and procedures. We should grasp this work with a realistic approach and work style until fruitful achievements are made. As long as we rally closely around the party Central Committee with Comrade Jiang Zemin as the core, resolutely implement the working guidelines formulated by the municipal party committee, enhance spirit, strengthen unity, strive to be modest and prudent, and do solid work, we will successfully fulfill all tasks of this year and hand in a satisfactory examination paper to the party and the people.

Beijing Appoints New People's Court Presidents

SK1205121995 *Beijing BEIJING RIBAO in Chinese*
15 Apr 95 p 1

[Namelist of the newly appointed personnel of the municipal people's congress standing committee adopted by the 16th standing committee meeting of the 10th municipal people's congress on 13 April]

[FBIS Translated Text] Xu Junde [1776 0193 1795] was appointed director of the archive bureau of Beijing Municipality.

Yang Tingchun [2799 1656 2797] was appointed president of the first intermediate people's court of Beijing Municipality and member and judge of the judicial committee under the court.

Wang Yongyuan [3769 3057 3293] was appointed president of the second intermediate people's court of Beijing Municipality and member and judge of the judicial committee under the court.

Ji Kunmei [1518 2492 2734] was appointed vice president of the higher people's court of Beijing Municipality.

Wang Mingda [3769 2494 6671] was appointed vice president of the higher people's court of Beijing Municipality and member and judge of the judicial committee under the court.

Ma Aidi [7456 5337 0966] and Su Chi [1372 6688] were appointed vice presidents of the first intermediate people's court of Beijing Municipality and members and judges of the judicial committee under the court.

Liu Guomao [0491 0948 5399], Wang Zhenqing [3769 2182 3237], and Geng Jingyi [5105 2529 0308] were appointed vice presidents of the second intermediate people's court of Beijing Municipality and members and judges of the judicial committee under the court.

Technical Transformation of Inner Mongolia Industry

OW1405135395 *Beijing XINHUA in English*
1230 GMT 14 May 95

[FBIS Transcribed Text] Huhhot, May 14 (XINHUA) — Technological transformation has enhanced the economic strength of large- and medium-sized enterprises in Inner Mongolia, an underdeveloped but energy-rich region in north China.

Over the past four years, the region poured 12.4 billion yuan (about 1.5 billion U.S. dollars) into technical innovation on 3,000 projects.

As a result, the region has seen an increase of 20 billion yuan in industrial production value, 5 billion yuan in fixed assets and 4 billion yuan in profits and taxes. Over 70 percent of those was achieved through technical innovation.

To date, 70 percent of equipment at hundreds of industrial enterprises approach the level of some developed countries in the 1970s or 1980s. Those have developed 4,000 new products of modern science and technology.

As the backbone of local industry, over 70 percent of the large- and medium-sized state-owned enterprises have undergone technological transformation. About 90 percent of the 71 newly-built enterprises resulted from such technical upgrading.

At the same time, foreign investment has been used to introduce up-to-date production lines for garment, foodstuff processing, cable for mining purposes and storage battery.

Inner Mongolia's successful experience in this regard is considered a model for underdeveloped regions, those primarily inhabited by minority ethnic groups in particular, to develop local economy with less investment and quick results.

Inner Mongolia Improves Health Care for Disabled

OW1405031495 *Beijing XINHUA in English*
0143 GMT 14 May 95

[FBIS Transcribed Text] Huhhot, May 14 (XINHUA) — Disabled people in north China's Inner Mongolia have received better care from the local government since the promulgation of a national law on the protection of disabled people.

So far, all the 12 leagues (equivalent to prefecture in other Chinese provinces) and cities in this autonomous region have built federations for the disabled. Over 90 percent of townships and neighborhood committees in the region have set up special organs to protect the legitimate rights and interests of disabled people.

Over the past six years, local hospitals have restored sight for 15,158 patients, treated 7,633 children suffered from polio and helped more than 600 deaf-mutes to speak.

The number of special schools has increased from six in 1990 to 20 at the present since special education was offered as part of the region's overall education development program. Other schools have opened 97 special classes for the disabled. Over 100 disabled high school graduates have been enrolled by colleges and universities in and out of the region.

Governments at all levels also adopted preferential policies to create opportunities for the employment of disabled people. Welfare factories have grown to 744 which employed over 10,000 disabled people.

An increasing number of disabled people took part in cultural and sports activities at leisure time. Many have won world or national gold medals.

Northeast Region

Heilongjiang Secretary Tours Shuangcheng, Wuchang

SK1405050895 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 13 May 95

[FBIS Translated Text] During his inspection tour to Shuangcheng and Wuchang on 12 May, Yue Qifeng, secretary of the provincial party committee, pointed out: Heilongjiang should take advantage of the opportunity in which the state has paid attention to agriculture, and in which the current supply and demand of grain across the country is not even, to promote agricultural production to enter a new stage and enable the large agricultural province of Heilongjiang to become a rich and strong agricultural province.

On 12 April, accompanied by responsible persons of the relevant departments directly under the province and Songhuajiang Prefecture, Yue Qifeng, secretary of the provincial party committee, and Vice Governor Sun Kuiwen, successively inspected Zoujia Market in Shuangcheng, the Taipingyang Candy Company, and the protein hydrolysate plant in Wuchang; they also went deeply to the fields to inspect the sowing of field crops, the transplanting of paddy fields, and the cultivation of vegetables inside plastic coverings.

During the inspection, Yue Qifeng offered important views on agriculture, the rural economy, and the development of township enterprises. Yue Qifeng pointed out: The party Central Committee and State Council have paid great attention to agriculture and have formulated a series of preferential policies for agriculture. At present, the market demand of grain is very high. This has provided a development opportunity for the major agricultural province of Heilongjiang. We must seize this opportunity and not lose it. If this opportunity is seized, it is possible to win the battle to revitalize the economy of Heilongjiang. Judging from this year's situation, the weather conditions of the entire province are not good. We must cultivate the ideology of combating disasters to reap a bumper harvest, adopt all effective measures, and strive to stabilize the grain output at 50 billion jin. On a long-term basis, and through the transformation of medium and low yield fields, the reclamation of wastelands, and the conducting of technological progress in the agricultural sector, we should strive to create another Heilongjiang in terms of grain output by the year 2000. At the same time, we should accelerate the intensive processing of farm and sideline products; intensively process soybean, corn, wheat, and paddy rice; actively develop poultry farming; and enable farm crops to increase value through processing means. If we follow this path, gain some primitive accumulation through three years of efforts, and then spread this method to other industries, we may turn Heilongjiang into a rich and strong agricultural province.

Yue Qifeng stressed: It is necessary to pay attention to and strengthen the building of townships and towns as well as residential houses in rural areas. He added: At present, the country has strengthened macroeconomic regulation and control and cut the capital construction investment; the macroeconomic environment for economic construction is not relaxed. Therefore, our province should vigorously form a micro environment for accelerating development. The present housing conditions of our peasants are very poor, and the proportion of brick houses in rural areas is still quite low. On the basis of making rural areas prosperous or attaining a level of moderate prosperity, we should implement the project of ensuring everybody has sound living conditions and should improve the housing conditions of peasants; on this basis, we should bring along the development of the building, building materials, and other industries as well as promote the development of the entire province's economy.

During the inspection, Yue Qifeng reaffirmed that it is necessary to guide peasants who have become a little wealthy to develop industries. He stated: There are two difficult points in developing township enterprises,

namely fund and items. The funds should come from the masses, and items should be found in the market. We should enhance the sense of commodity and the market concept of peasants, clearly explain to them the theory of creating money with money, and adopt such forms as the shareholding system and the cooperative system to induce and organize them to use their accumulated money in running enterprises and economic entities.

Heilongjiang Mass Inspection Over Market Prices

SK1305124695 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 11 May 95

[FBIS Translated Text] The provincial people's congress and the provincial people's government will begin to carry out mass inspection over market prices throughout the province starting in mid May. Since the beginning of this year, the trend of market price increases has been lower than that of 1994 thanks to the common efforts made by units from top to bottom across the province. However, prices in the people's daily necessities and in the agricultural production facilities still remain high. At the end of March, the increased scale of retail prices reached 19.6 percent and exceeded the national average level by almost 1 percentage point. Thus, the situation in commodity prices is very serious.

In order to further curtail inflation and to improve the economic circumstances, the provincial people's congress and the provincial people's government have decided to carry out inspection activities over specific prices. They have also organized the group of market price inspection, which will be divided into four teams that will go deep into relevant prefectures and cities across the province. These teams will place their work emphasis on inspecting the implementation of measures set for the county people's governments of various prefectures and cities to curtail inflation; on inspecting the supply, prices, and quality of grains and cooking oil for residents; on inspecting the prices of grains and cooking oil among trade fairs; on inspecting the supply and prices of major agricultural production facilities; on inspecting the price levels set by various production and business links for peasants; and on inspecting the implementation of the state provisions on banning arbitrary charge collections. These inspection teams will correct the problems discovered in the course of inspection, deal strict blows at the acts of dominating the markets through cheating, hand over the cases violating the law and price regulations to the judicial departments for investigation and proposal, and will strive to control the province's price level under the national average level through the inspection.

Heilongjiang Awards Personnel for Hegang Arrests

SK1305234195 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 11 May 95

[FBIS Translated Text] The Hegang city party committee and the city people's government sponsored a commendation meeting on the morning of 11 May in honor of the personnel who made contributions to cracking down on the appalling case that took place on 28 January this year, in which the criminals shot and killed people in the process of robbing a coal mine. On the evening of 28 January this year, four ruffians with guns came to the Nanshan Colliery under the Hegang Mining Bureau to intentionally rob the wages of 930,000 yuan kept in the colliery's security section. They killed nine security guards and economic policemen as well as one innocent child by opening fire on them. Because of the heroic and brave counterattack of the security guards, these ruffians fled in confusion, leaving a corpse behind. In less than 20 days after the case took place, the cadres and policemen of the mine prospecting force cracked down on the appalling case that shocked the entire country. All of the three ruffians were captured and brought to justice. For this, the Ministry of Public Security awarded the group in charge of the 28 January case a Citation for Merits—First Class; the collecting post of Hegang city a Citation for Merits—Second Class; and the criminal police brigade of the Hegang Public Security Bureau, the criminal police force of Nanshan Police Subbureau of Hegang, the sections in charge of criminal technologies and preliminary trial, and the criminal police force of the public security section in the mining zone, a Citation for Merits—Third Class. The ministry also awarded 17 units including the Xingan Public Security Subbureau at the meeting. The ministry awarded (He Weiqian), director of Hegang City Public Security Bureau and general director of the group in charge of 28 January case; and (Zhang Chunqing), director of the Hegang City Collecting Post, a Citation for Merits—First Class. The ministry also posthumously awarded (Zhang Lisheng), cadre of the security section under the Nanshan Colliery, who sacrificed his life in battling with the ruffians, a Citation for Merits—First Class. The ministry awarded 10 personnel, including (Zhang Zhiguo) and (Chen Shoujie), security cadres who repelled the ruffians with guns and secured the tremendous amount of wages; and (Li HongXun) and (Li Zhikun), deputy directors of the Hegang City Public Security Bureau, a Citation for Merits—Second Class. There were 24 cadres and policemen who joined in cracking down on the case, who were awarded with a Citation for Merits—Third Class; and 47 persons who were also commended at the meeting. A resident who had provided an important lead for the case obtained 30,000 yuan of cash award.

Heilongjiang Cracks Down on Pornography, Gambling

SK1305143695 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 11 May 95

[FBIS Translated Text] The general offices of the provincial party committee and the provincial people's government recently issued a joint circular, urging various localities to enhance their management over cultural places, public entertainment places, and bath business centers; as well as urging them to deal strict blows at or resolutely ban pornographic activities and gambling and to encourage the development of public bath houses and of healthy and beneficial places of mass entertainments.

The circular stresses: Prefectural and city departments in charge of cultural management should carry out regular inspection and supervision over cultural markets and the public entertainment places. The departments of public security, culture, and of industry and commerce should closely coordinate one another and adopt adequate measures in the recent period to carry out clear-up and consolidation over the existing high-consumption places of entertainment and high-class bath business centers. They should resolutely deal blows at the phenomena of prostitution and going to whorehouse and resolutely ban the song and dance halls, karaoke halls, bath business centers, and sauna bath houses, which have carry out pornographic activities. They should assign the date for the high-consumption places of entertainment and the bath business centers that have failed to reach the standards of sanitation and safety to suspend their business for improvement and to reach the standards within the given date.

The circular points out: Party committees and governments at all levels should attach great importance on the work of managing cultural markets and add to their daily schedule the work of enhancing the management over the public places of culture and entertainment, bath business centers, and the hotels of various categories and the work of dealing blows at the pornographic services rendered by the bath business centers and at gambling places. Through their actual, effective work, party committees and governments should also enable the social environment and morale across the province to obviously achieve a good result.

Jilin Holds Briefing on Tumen Jiang Development

SK1505085295 Changchun JILIN RIBAO in Chinese 7 Apr 95 p 1

[FBIS Translated Text] The fourth Beijing international fair opened at the China international exhibition center on 4 April. Governor Gao Yan was invited to attend

and cut the ribbon. Nearly 3,000 firms from 26 countries and regions attended the fair. Jilin also organized an 80-member development zone investment promotion group to hold technical and investment discussions with the business firms from various countries, Hong Kong, and Taiwan, and offered 150 projects on the development of Tumen Jiang and the construction of development zones. Fifty of these projects were key projects.

Taking the fair as an opportunity, Jilin Province held a briefing to promote investment in the development of Tumen Jiang and construction of development zones of Jilin Province at the China international exhibition center on 5 April. Attending the briefing were 150 persons, including the commercial counselors of some countries stationed in China, some foreign businessmen attending the fair, and pertinent press units. Governor Gao Yan gave a speech at the briefing.

Governor Gao Yan introduced Jilin's natural resources, industrial advantages, current economic development, investment climate, and, in particular, the progress in the development of the Tumen Jiang area. He pointed out: The development of the Tumen Jiang area is the "leading" project in Jilin's opening to the outside world. Located at the center of northeast Asia, the Tumen Jiang area boasts abundant natural resources and has always been called a three-dimensional treasure-house. This area and the neighboring countries, such as Russia, DPRK, Mongolia, ROK, and Japan, are mutually supplementary in the economy, and the UN Development Program regards the development of the Tumen Jiang area as a key project to support. The Chinese government attaches great importance to the development of the Tumen Jiang area. It has established the early-stage coordination group for the development of the Tumen Jiang area to guide and coordinate the development project. Jilin Province organized personnel to draw up the "outline of the plan for the comprehensive development of Hunchun area in the lower reaches of Tumen Jiang." With the approval of pertinent state departments, the outline has been put into practice. Construction of the project to open border areas for the province to reach the sea is being stepped up, initial agreement on the sea-land transportation route has been reached with Russia and ROK, and efforts will be made to open it within this year. Nearly 1.5 billion yuan has been invested in the infrastructural construction of Hunchun city—the central city of the Tumen Jiang area, thus greatly improving the investment climate. The border economic cooperation zone in Hunchun has taken an initial shape.

Governor Gao Yan emphasized in his speech: Construction of economic development zones is the focus of Jilin's opening to the outside world. Jilin has established 16 development zones since 1988. To strengthen the

management of the zones, it has issued the "regulations on the management of development zones," formulated plans, and implemented the industrial promotion program. Notable results have been achieved thanks to several years of development and construction. By the end of 1994, the industrial output value of the development zones totaled 6 billion yuan, their contracted amount of foreign investment was \$800 million, the actual foreign investment input \$236 million, and the foreign exchange earned from exports \$60 million. In conclusion, Governor Gao Yan sincerely invited personages from the financial and business circles of various countries to make investment in Jilin, saying that Jilin's development zones would follow state policies to create a good investment climate and to welcome the investors with good-quality and highly efficient services.

Comrades in charge from the provincial office for development zones and from the Yanbian Autonomous Prefecture answered questions raised by businessmen and reporters at the briefing.

The international fair will conclude on 10 April.

Shenyang's Electronic Industry Output Growing

*OW1505085495 Beijing XINHUA in English
0815 GMT 15 May 95*

[FBIS Transcribed Text] Beijing, May 15 (XINHUA)
— The electronic sector in Shenyang city, capital of

northeast China's Liaoning Province, has generated an output value of 310 million yuan in the first quarter of this year, a rise of 30.29 percent from the same period of 1994.

The sales rate of the products has reached 98.3 percent, which is higher than the country's average, and is 2.1 percentage points more than the previous year.

Thanks to an all-round structural adjustment carried out since the start of the 1990s, the hi-tech-oriented electronic industry has been stressed, the output value reaching 1.35 billion yuan last year as compared with 440 million yuan in 1990.

The industry has recorded an annual export volume worth 320 million yuan in the 1990s.

Furthermore, the city has approved 30 joint ventures in the industry involving 55 million U.S. dollars.

MAC Authorizes 2d Round of Cross-Strait Talks

OW1405105395 Taipei Voice of Free China
in English 0200 GMT 14 May 95

[FBIS Transcribed Text] The Republic of China [ROC] Mainland Affairs Council [MAC] has authorized the semiofficial Straits Exchange Foundation [SEF] to take part in a second round of talks in Beijing in either June or July.

The SEF said Friday [12 May] the mainland had already written twice requesting to hold a second round of talks in Beijing. The semiofficial SEF added it hoped bilateral talks would become systematic, and the location of the talks would alternate between Taipei and Beijing. The SEF said, in this way, the talks could concentrate on issues other than the next meeting's location.

The ROC said Friday the expected topics on the agenda are a review of past discussions which included the repatriation of mainland immigrants and hijackers, as well as fishing disputes. The ROC said cultural and trade communications, such as arbitration in business disputes and the protection of intellectual property rights, will also be discussed.

MAC To Propose Taipei as Venue

OW1505024795 Taipei CNA in English
0129 GMT 15 May 95

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, May 13 (CNA) — Taiwan will propose to Mainland China that the preparatory meeting for the second round of high-level talks between Taipei and Beijing be held in Taipei. Mainland Affairs Council (MAC) Chairman Hsiao Wan-chang said Saturday [15 May].

MAC has agreed in principle that the second meeting between Straits Exchange Foundation (SEF) Chairman C. F. Koo and Wang Daohan, chairman of the Association for Relations Across the Taiwan Strait (ARATS) be held in Beijing in June or July. They first met in Singapore in April 1993.

Hsiao said preparatory talks for the Koo-Wang meeting should be held in Taipei in order to strike a proper balance in venues for cross-strait talks.

Hsiao said Koo and Wang will discuss major issues between the two sides when they meet, but that the meeting should not be construed as being political in essence.

Answering a listener on a Broadcasting Corporation of China call-in radio show, Hsiao stressed that as there are still many nonpolitical issues to be resolved between the two sides of the Taiwan Strait, the Koo-Wang

talks should focus on resolving problems resulting from cross-Taiwan Strait interflows, and should be developed in a "systematic, periodic, and effective" direction.

He said both sides should also exchange views with each other on their respective policies in order to avoid "unnecessary misunderstandings."

Hsiao said there is a chance that government officials will participate in cross-strait talks in the future, but that they would attend talks as experts under the framework of the SEF to maintain the organization's civilian function.

Jiang Zemin Erects Monument to Hu Yaobang

OW1205051795 Taipei CHUNG-KUO SHIH-PAO
in Chinese 3 May 95 p 9

[Report by Shen Li-shan in Taipei on 2 May from a telephone call with Nanchang]

[FBIS Translated Text] An "official" in Kiangsi [Jiangxi] Province confirmed that CPC Central Committee General Secretary Chiang Tse-min [Jiang Zemin], during his inspection of Kiangsi in March this year, made a special trip to pay his respects to former general secretary Hu Yao-pang [Hu Yaobang] at the latter's tomb in Kung-ching-cheng [Gongqingcheng] in Fe-an [Dean], Kiangsi, and erected for Hu, at his widow's request, a monument inscribed with the message "being frank, openhearted, selfless, and with a clear conscience." [Taipei CHUNG-KUO SHIH-PAO in Chinese on 3 May carries a report on the same page which says: "Not only did RENMIN RIBAO and the local party papers not publish this news, but they denied any knowledge of it when asked by the media."] The glorifying monument erected for Hu Yao-pang by Chiang Tse-min in the name of the CPC Central Committee indicates to a considerable extent the Chinese Communists' reappraisal of Hu Yao-pang. The event will have a subtle effect on the development of the Chinese Communists' political situation.

The Kiangsi "official" said: Soon after the close of the National People's Congress and the Chinese People's Political Consultative Conference sessions, Chiang Tse-min inspected Kiangsi in late March. He made a special trip to Kung-ching-cheng where the ashes of former general secretary Hu Yao-pang were buried. Accompanied by local officials and Hu's widow Li Chao [Li Zhao], he visited Hu Yao-pang's tomb.

Hu's widow asked Chiang Tse-min to erect a monument there for Hu and inscribe it with "being frank, openhearted, selfless and with a clear conscience," and Chiang Tse-min immediately agreed to her request. It is reported that the monument, erected in the name

of "the CPC Central Committee," not in Chiang Tse-min's name, stands beside Hu's tomb. Kung-ching-cheng [Communist Youth League City], located by the Poyang [Boyang] Lake, was built in the 1950's when Hu Yao-pang was secretary of the Communist Youth League. Hu Yao-pang chose it to be his burial place.

Hu Yao-pang once held the important position of general secretary of the CPC Central Committee and was named by Teng Hsiao-ping [Deng Xiaoping] as his successor. However, he was later scolded by Teng Hsiao-ping and stepped down because of his tolerance of student demonstrations in Anhui, Shanghai and Beijing and of critical remarks by such intellectuals as Fang Li-chih [Fang Lizhi], Liu Ping-yen [Liu Bingyan] and Wang Jo-wang [Wang Ruowang] in late 1986 and early 1987. For this reason, Hu Yao-pang's status in the party has been a problem, and it is particularly awkward that people tend to link the anniversary of Hu's death with the "4 June" [Tiananmen] incident. This is why the Chinese Communist authorities always step up security surveillance on 15 April, the anniversary of Hu's death, to prevent students or intellectuals from holding demonstrations to mark the occasion.

At the end of 1986, students from many mainland schools took to the streets to demonstrate against such problems as the poor work style of the CPC and a sharp increase in commodity prices. The students of the Science and Technology University in Hefei, Anhui, lodged a protest against the provincial party committee's control of the election of people's deputies, and Fang Li-chih, president of the university, delivered a speech in support of the student protest. Following that, students in Wuhan, Kunming, Shenzhen, Shanghai, Guangzhou and Beijing also took to the streets. Of the student demonstrations, those in Shanghai and Beijing were the largest in scale. In dealing with the student demonstrations, Hu Yao-pang, then general secretary of the CPC Central Committee, adopted a restrained attitude which provoked a joint protest from seven senior CPC members — Wang Chen [Wang Zhen], Teng Li-chun [Deng Lijun], Hu Chiao-mu [Hu Qiaomu], Peng Chen [Peng Zhen], Po i-po [Bo Yibo], Yu Chiu-li [Yu Qiuli] and Yang Shang-kun [Yang Shangkun]. After hearing their report, Teng Hsiao-ping was very angry, and on 16 January 1987 he promulgated the Central Committee's No. 1 Document approving Hu Yao-pang's resignation from the post of general secretary.

Hu Yao-pang was loved and respected by Mainland Chinese intellectuals for his enlightened work style in which he kept close contacts with the people. Hu died of heart attack on 15 April 1989. On the evening of that day, some people displayed streamers on the

Heroes' Monument in Tiananmen Square inscribed with words such as "Comrade Yao-Pang lives forever" and "Comrade Yao-pang still lives." Following that, a large number of students took to the streets to demonstrate and touched off the 1989 Democracy Movement.

As a result of the special circumstances of Hu Yao-pang's rise and fall, appraising him once perplexed the Chinese Communist authorities. At Hu's family memorial service, his widow Li Chao repeatedly asked two questions of Chinese Communist officials who came to offer condolences — "Was Comrade Yao-pang frank and openhearted?" and "Was Comrade Yao-pang selfless and with a clear conscience?" Now that Chiang Tse-min has agreed to inscribe these words on the monument for Hu, we may say that Li Chao has fulfilled her long-cherished wish.

Representative in U.S. Meets State Department Official

OW1305100195 Taipei CNA in English
0855 GMT 13 May 95

[By N. K. Han]

[FBIS Transcribed Text] Washington, May 12 (CNA) — The US State Department Friday [13 May] confirmed that Winston Lord, assistant secretary of state for East Asian and Pacific affairs, met with Benjamin Lu, director of the Taipei Economic and Cultural Representative Office in Washington, D.C., on May 9 through arrangements by the American Institute in Taiwan (AIT).

Responding to questions at a regular press briefing, State Department spokesman David Johnson acknowledged that Lord and Lu meet a few times each year. He explained that from time to time, AIT arranges meetings at which officials of the Taipei Economic and Cultural Representative Office and officials of the Clinton administration are present.

Johnson would not say what was discussed at the meeting. He also declined to comment on reports that Lord had complained to Lu about Taiwan's "excessive lobbying efforts" in the US Congress for a private visit to the United States by President Li Teng-hui.

Johnson reiterated that the US Government does not view a private visit by President Li as appropriate or possible and has suggested that a transit stop by President Li in the United States might be possible.

U.S. House Minority Leader Supports Li Visit

OW1305102295 Taipei CNA in English
0955 GMT 13 May 95

[By Bill Wag]

[FBIS Transcribed Text] Washington, May 12 (CNA) — Rep. Richard Gephardt (D-Mo.), House minority leader, Friday [12 May] expressed his support for a visit to the US by President Li Teng-hui of the Republic of China [ROC] on Taiwan.

Gephardt made the remark during a meeting at his office with Governor James C. Y. Sung of Taiwan, and Benjamin Lu, Taipei's representative in the United States.

Sung, who won last year's gubernatorial race with 58 percent of the vote to become the first elected Taiwan governor, briefed Gephardt on his country's democratization process, including the first presidential elections scheduled for next year.

The governor noted that the United States has played a significant role in his country's transformation from martial law into a prosperous democracy by training thousands of government and business leaders from Taiwan and providing it with economic assistance up to 1965.

He said that the students not only received their apprenticeship in the United States but also brought home democratic ideas, and the economic assistance paved the way for Taiwan's economic takeoff.

Therefore, he suggested, the United States should use Taiwan as a model in assisting the development of other countries.

Calling Taiwan a "good friend and wonderful partner," Gephardt lauded the remarkable progress of the island's economy which has been one of the fastest growing in the world for the past 20 or 30 years. He also expressed appreciation for Taipei's efforts to open its market to American goods.

The minority leader then turned on his own initiative to the subject of Cornell University's invitation for President Li to return for an alumni reunion in June and voiced his support for such a visit.

Meanwhile, Lu expressed appreciation for Congress' support for Li's visit and asked Gephardt to talk to the Clinton administration about easing its resistance to the visit.

Sung and Lu also discussed Taiwan's economic ties with the United States as well as Gephardt's home state of Missouri, noting that the government in Taipei has worked hard to promote imports from the United States.

As a result, they said, Taiwan's trade surplus with the United States has dropped from an annual high of US\$16 billion to last year's US\$7 billion.

They said that the island maintains close economic ties with Missouri and imports about US\$3 billion worth of goods from the sister state of Taiwan Province.

Lu said he will go to Kansas City next week for the opening of a trade week event sponsored by the Taipei Exporters and Importers Association and the International Trade Club of Missouri.

Gephardt indicated that he would like to visit Taipei during a tour of Asia after this year.

Sung is here to receive an honorary doctorate in humane letters Saturday at the Catholic University of America where he earned a master of science in library science.

Earlier in the day, Sung also called on Governor Parris Glendening of Maryland to discuss local government administration and financing.

They also agreed in principle to establish sisterhood ties between Taiwan Province and the State of Maryland.

Sung is scheduled to leave here for San Francisco Sunday.

Swazi King Tours Factories, Welcomes Investors

OW130511295 Taipei CNA in English
0139 GMT 13 May 95

[By Y C Tsai]

[FBIS Transcribed Text] Kaohsiung, May 12 (CNA) — Swaziland King Mswati III, who is on a state visit to Taiwan, said Friday [12 May] that he greatly welcomes Taiwan manufacturers to invest in his country.

Mswati, after visiting three Tantex Group factories in southern Taiwan, said he was very impressed with the group's streamlined business operations and that he welcomes Tantex and other Taiwan investors to make inroads into Swaziland.

He visited a garment factory in Luchu Township, Kaohsiung County as well as a textile mill and a petrochemical plant in Tainan County.

Saying that the goods produced by the Tantex companies are what Swaziland most needs, he pointed out that he saw a great chance for cooperative ties between the business group and his kingdom.

Chen Yau-hui, chairman of the Tantex group, said the company has made plans to build a garment factory and a power plant in Swaziland.

The garment factory calls for a paid-in capital of US\$5 million, while the power plant, which will have a generation capacity of 200,000 kilowatts, will be built in three stages and will be donated to Swaziland after 20 years of operations by Tuntex, Chen elaborated. The first-stage investment amount for the power plant will be US\$150 million, he added.

The king, who arrived in Taipei on Wednesday for an eight-day official visit, later visited the Asian Vegetable Research and Development Center and the Taiwan Husbandry Laboratory, both of which are located in Tainan County.

Meanwhile, Mswati and Economics Minister P.K. Chiang will jointly host an investment seminar at the Ministry of Economic Affairs on Saturday, at which Mswati and his entourage will detail Swaziland's investment rules and business climate.

Ministry officials said that Swaziland, which is a member of the Southern African Customs Union (SACU), offers a set of tax incentives for foreign investors. SACU members, also including Botswana, Lesotho, South Africa and Namibia, enjoy duty-free circulation of goods within the group.

Swaziland, which mainly churns out agricultural products such as sugar cane and cotton, is a suitable place for export-oriented light industries, including farm-produce processing and forestry, the officials pointed out.

Taiwan's labor-intensive industries seeking an abundant supply of workers and low labor costs could consider relocating to Swaziland, they added.

Swaziland Seminar Seeks To Attract Investors

*OW1505020695 Taipei CNA in English
0107 GMT 15 May 95*

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, May 13 (CNA) — The Ministry of Economic Affairs on Saturday [13 May] hosted an investment seminar on Swaziland, with more than 60 local firms participating.

The seminar was hosted by Economic Affairs Minister P.K. Chiang and Swaziland Commerce and Industry Minister Majahenkabk Dlamini. Swaziland King Mswati III, who is on an eight-day official visit of Taiwan, also attended.

Dlamini said Swaziland especially welcomes Taiwan banks and textile-makers to set up operations there. He explained that there are no restrictions on foreign financial institutions setting up footholds in Swaziland, and that textile products made in the country enjoy quota-free entry into the United States.

He also said Swaziland is pushing in infrastructural building program, and that foreign manufacturers who set up plants in Swaziland enjoy an initial five-year tax-free period.

Among the participants at the seminar, Tung Yun Corp., an affiliate of the Tainan-based Tuntex Group, has already expressed its intention to invest about US\$300 million to set up a textile factory and a power plant in Swaziland.

A spokesman for Tung Yun, which is also involved in building cement plants and garbage incinerators, said Swaziland faces a severe energy shortfall, and currently must purchase over 95 percent of the electricity it needs from South Africa.

The power plant Tung Yun will build will be a coal-powered, US\$150 million plant. The plant will consist of two 50-megawatt generators.

The spokesman said Swaziland produces premium fuel coal with a sulfur content of from 0.5 percent to 0.7 percent, which he said is suitable for power generation. The contract to build the plant should be signed in June, and construction completed in three years, he added.

Meanwhile, Tung Yun affiliate Tung Feng fabrics will build the garment factory. In the initial stage, Tung Feng will buy about 500 sewing machines and peripheral equipment for the plant.

Thailand To Reopen Application for Workers

*OW1305095895 Taipei CNA in English
0905 GMT 13 May 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 13 (CNA) — A Thai official said here Saturday [13 May] that his government will soon reopen application for Thai workers seeking employment in Taiwan, less than one month after application was halted.

A Thai deputy minister in charge of labor affairs made the announcement after a meeting with officials from Taiwan's Council of Labor Affairs, Ministry of Foreign Affairs and National Police Administration.

The Thai official, identified only as Phan, promised to resume worker certification procedures, but no agreement was reached on a proposal that introduction of Thai workers to Taiwan be handled directly by the two governments rather than through labor brokers.

The Thailand Trade and Economic Office in Taipei on April 21 unexpectedly announced a halt to application for the import of Thai workers by Taiwan companies.

on grounds that the middlemen collected excessive commissions from Thai workers.

The announcement caught local applicants entirely unprepared, and under their pressure, the Council of Labor Affairs (CLA) later demanded that the Thai Government rescind the ban or face retaliation.

A CLA official said Saturday's discussion made the Thai official realize that local brokers should not be held responsible for the excessive commissions.

Auto Industries Making Inroads Into Mainland

*OW1305100495 Taipei CNA in English
0841 GMT 13 May 95*

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, May 13 (CNA) — Taiwan auto industries are increasing their investments in Mainland China, with 28 recently-approved investments focusing on the production of automobile and motorcycle parts, components and related products, the investment commission reported Saturday.

Leading the list of automotive investments is a US\$19 million investment by Kwangyang Corp. for the production of scooter parts and components, commission officials said.

Other major projects include a US\$4 million investment by Shihlin Electric and Engineering for the production of motorcycle motors, a US\$3 million investment by ROC Spicer for production of propeller shafts and non-driving axles for sedans, and a US\$2 million investment by Kuohong [word as received] for producing motorcycle lubricant.

ROC Spicer, an offshoot of the Yulon Motor Group and partner with the US-based Dana Corp., is planning to locate its shaft and axle plant in Shenyang, northern China to tap the potentially huge market there. The company commands more than 80 percent of the Taiwan propeller shaft market.

The ROC Spicer investment will be the second large investment project the Yulon Group has made on the Chinese mainland. Taiyuan textile, a Yulon affiliate, has invested US\$15 million in Shandong Province, also in northern China, for textile and garment manufacture.

Officials attributed the increased investments by Taiwan's auto and motorcycle industries to a saturated domestic market and an aim to sharpen competitiveness for Taiwan-made motorcycles on the Chinese mainland where demand for automobiles and motorcycles is rapidly increasing.

A proposal by Chunghwa Picture Tubes for the production of color tubes topped the list of the 53 recently-approved mainland investment projects, with an investment of US\$29 million, the officials said.

The Chunghwa investment, however, will only include production of color tubes for television sets with screens smaller than 21 inches. This new investment will shore up Chunghwa's mainland investment to US\$54.82 million, accounting for 15.49 percent of the company's total assets, according to the officials.

Other important projects include Great Wall Enterprise's US\$11 million investment for chicken raising and the production of animal feed and poultry products, and trends tech's US\$300,000 investment for making anti-virus software.

Taiwan has emerged as one of the leading capital suppliers to the Chinese mainland. Insiders put Taiwan investments on the mainland at around US\$15 billion, but government-approved investments account for only one-third of the estimate.

Legislator Calls For Greater Action on UN Bid

*OW1305101995 Taipei CNA in English
0944 GMT 13 May 95*

[By M. J. Tzou and Y. C. Tsai]

[FBIS Transcribed Text] Paris, May 12 (CNA) — Republic of China [ROC] legislator Annette Lu of the opposition Democratic Progressive Party (DPP) Friday called for greater action in Taiwan's bid to join the United Nations, which is celebrating its 50th anniversary this year.

To emphasize the historic occasion, Lu pointed out, the ROC Ministry of Foreign Affairs should submit an application for a UN membership on June 26, the day the UN Charter was signed 50 years ago.

Speaking at a luncheon party held in her honor by overseas Taiwanese here, she said this year should be an action year for Taiwan in its UN bid.

The US Senate and the House of Representatives are expected to pass a resolution in May calling on the Clinton administration to support Taiwan's membership in the United Nations under the name of "ROC, Taiwan," she noted.

Application for UN membership on the same day of the UN's 50th anniversary will not only promote Taiwan's UN bid but also emphasize the UN's principle of universal membership, she stressed.

In this way, Mainland China will be unable to block Taiwan's membership application, because "rejecting

Taiwan is tantamount to a rejection of the existence of the UN," she added.

Lu came to Paris Thursday following a visit to Brussels. She attended the "Focus on Taiwan" activities in Linz, Austria last Sunday.

Official Says U.S.-Japan Trade War To Hurt Taiwan

*OW1305095695 Taipei CNA in English
0911 GMT 13 May 95*

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, May 13 (CNA) — Taiwan will not gain if a trade war erupts between Japan and the United States, according to a Council for Economic Planning and Development (CEPD) official.

K. C. Li, director of the CEPD's Economic Research Department, said Saturday [13 May] that the looming trade war will not benefit Taiwan as eventually it will cut Taiwan's exports to Japan and hurt competitiveness, particularly in competition with South Korean products.

Japan and the United States are heading for a trade war following the breakdown of negotiations last Friday on the export of American cars to Japan. Washington warned that it might impose severe economic sanctions on Japan and Tokyo said that it would retaliate if such sanctions are enforced.

At present, the US plans to target Japanese luxury cars and minivans with hefty tariffs in order to price them out of the market and press Japanese car makers to buy more US-made parts.

If the US sanctions are enforced, the decreased Japanese exports will affect its economy, thus reducing imports from Taiwan and expanding Taiwan's trade deficit with the nation, Li said.

A US-Japan trade war will not only hurt both countries, Li noted, it will also seriously destabilize international finance. The US may continue to let the Japanese yen appreciate further so as to stimulate US exports, which will aggravate Taiwan's already-serious inflation, he said.

In addition to slackened exports and climbing commodity prices, Taiwan is expected to lose out to South Korea, which enjoys much better trade relations with the US than Taiwan does, particularly in car sales, Li said.

PC Makers Entering Japan Market

*OW1305095595 Taipei CNA in English
0919 GMT 13 May 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 13 (CNA) — Local computer makers, long frustrated by discrimination against imported PCs [personal computers] on the Japanese market, have noted a significant change there and are posting increased sales in the nation.

"Sales of Taiwan-made computers and peripherals will reach a record high this year," forecast Wang Chin-an, a representative of Taiwan's semi-official Institute for Information Industry posted in Japan.

"Not only big Japanese trading enterprises but small distributors and vendors have shown keen interest in purchasing information industry products from Taiwan," Wang said.

Taiwan's major PC and peripherals suppliers, including Acer and First International, have reported significant increases in orders from Japan, business sources said. Taiwan has distinguished itself in the manufacture of notebook computers, motherboards, monitors, computer mice and scanners.

The demand has been spurred in part by the strong Japanese yen, which makes imports cheaper, and in part by the launch of DOS/V computers, which make Japan-developed software compatible with IBM computers, the sources explained.

More than 40 Taiwan computer companies are currently attending the Tokyo business show, displaying their latest products to Japanese buyers.

Taiwan's largest PC maker, Acer, stands to gain the most from the Japanese market. C. C. Tsai, president of Acer Japan, predicted that Acer's sale of brand name information industry products in Japan may triple to 4.5 billion Japanese yen this year. Encouraged by the upturn, Acer has adjusted its projected sales for 1997 from 10 billion Japanese yen to 15 billion Japanese yen.

Some 62 local computer companies have opened marketing posts in Japan, up from 29 two years ago. Taiwan sold US\$820 million worth of information industry products to Japan in 1994, as compared with US\$330 million recorded in 1993.

To win the respect of quality-minded Japanese customers, the Taipei Computer Association is teaming up with the Industrial Development Bureau to set up a "computer product test center."

A total of 3.2 million PCs were sold in Japan last year, up 30 percent from the previous year. With the robust demand expected to last through 1995, the market scale may further expand to 4.2 million units this year.

Private Companies Perform F-16 Maintenance

OW1205124895 Taipei CHUNG-YANG JIH-PAO in Chinese 5 May 95 p 2

[FBIS Translated Text] After a few years of negotiations, the Economic Ministry's Aerospace Industry Promotion Group said on 3 May that the National Defense Ministry has allowed more than 500 factory-level maintenance jobs on F-16 fighters to be done by private companies. It is estimated that the group's F-16 maintenance market will total about \$6 billion over the next 20 years.

The group said: With the commissioning of the second-generation fighters — the IDF, F-16, and Mirage 2000 — the complexity of the Air Force's fighters maintenance work will greatly increase. At a time when commercial maintenance of military planes has become a major step by many countries to promote the aerospace industry, the Republic of China will use commercial maintenance of military planes as a way to help domestic industries smoothly enter the aerospace industrial maintenance field to establish Taiwan as the Asia-Pacific aircraft maintenance center.

The group said: To gain a better idea of domestic industries' F-16 maintenance capabilities, a year ago the group asked Lockheed Company to appraise the overall maintenance capabilities of Taiwan's relevant industries. The results of the appraisal show Taiwan's industries have the potential to carry out factory-level maintenance. Therefore, the group began relevant planning and coordinated with the Air Force to decide the maintenance jobs that might be done by private companies.

Memorandum Signed on Technology for F-16 Parts

OW1305023895 Taipei CNA in English 0145 GMT 13 May 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 12 (CNA) — Taiwan's Chenfeng Machinery & Enterprise Co. signed a memorandum of understanding with the US-based Teleflex Control System (TCS) on Friday [12 May], allowing it to acquire the expertise needed to manufacture F-16 jetfighter parts.

With the partnership, Chenfeng will receive the know-how to produce and maintain cabin canopy parts, fuel pumps and nozzle rings.

"The Industrial Development Bureau (IDB) will keep giving every assistance local aircraft parts manufacturers may need under the terms of the industrial offset agreements Taiwan has inked with the United States," Yin Chi-ming, IDB director-general, said at the signing ceremony.

"Our goal is to help more local enterprises devote themselves to the maintenance and manufacturing of aircraft systems and subsystems, thus bringing Taiwan to the doorstep of making commuter and regional aircraft," Yin said.

Under the industrial offset agreement Taiwan struck with the US when Taiwan agreed to buy 150 F-16s at a cost of US\$5.8 billion, US aircraft manufacturers would help Taiwan's fledgling aerospace industry by buying locally manufactured parts.

Chenfeng started out in 1976 producing shoe-making machines, and did not move into aircraft parts manufacturing until 1985. The company since that time has spent some NT [new Taiwan] \$200 million (US\$7.9 million) procuring precision machinery.

The Taichung-based company has been certified as a qualified supplier by Monitor Aerospace, Allied Signal and McDonnell Douglas.

In addition, Chenfeng has been contracted by the military to make the bodies and various engine parts used on the locally designed indigenous defense fighters.

Army General Discusses 12 May Missile Exercise

OW1305020695 Taipei CNA in English 0127 GMT 13 May 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 12 (CNA) — A routine military exercise, intended to test the ROC [Republic of China] Army's surface-to-air combat capability, was conducted at a northern missile base on Friday [12 May]. Army General Headquarters said Friday.

In the exercise, a newly modified Hawk surface-to-air missile was launched from a mobile base to destroy a target towed by a drone plane.

The commander of the exercise, Lt. General Chang Kuang-chin, deputy commander-in-chief of the Army, was forced to drop the original plan to launch a second missile on grounds that the signal sent by the drone could not be clearly detected.

"We have decided to temporarily cancel the second part of the exercise due to safety and economic considerations," Chang said. A drone plane costs some NT [new Taiwan] \$12 million (US\$468,750).

In a similar exercise last year, three Hawk missiles were launched at airborne targets, but one fell to the ocean before hitting the designated target.

The US-made Hawk missiles joined the ROC Army in 1960, and have been modified several times.

"The latest modified version ought to be completed early next year," Chang said. The modifications include enhanced reaction time, additional electronic counter-countermeasures, and expanded target capability.

The weapons system, used by the US and a number of Western countries, is manufactured by the Raytheon Co. Under a semi-automatic homing guidance system, the improved Hawk missiles can intercept enemy targets at a speed of Mach 2.5 within a range of 40 kilometers.

The military also signed a contract with Raytheon last June to buy three batteries of sophisticated Patriot missiles. Under the contract, Raytheon will deliver the sophisticated missiles no later than July 1997.

Chang said the Patriot missile system the Army has contracted to procure will be the latest version, and not an outdated one. "The type of Patriots we're acquiring will undoubtedly keep pace with Raytheon's latest versions." The patriot weapons system now in the service of the US Army is the Pac-2-Plus.

Patriot missiles, which impressed the world during the Persian Gulf war, can intercept long-range enemy targets, while Hawk missiles can intercept short- and medium-range enemy targets flying at low altitudes.

The locally developed Tienkung I (Sky Bow) missiles already in service are designed to intercept medium-range targets, Chang noted. Tienkung II, the modified version of Tienkung I, has completed preliminary tests, he added.

Ministry Denies 'Upscale' Military Parade

OW1305031195 Taipei CNA in English

0155 GMT 13 May 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 12 (CNA) — The Ministry of National Defense denied on Friday [12 May] that an upscale military parade will be held in Taiwan to celebrate Double Ten National Day, which falls on Oct. 10.

In a written statement released by the Military Spokesman's Office, the ministry said the three Armed Forces used to hold military parades on National Day in order to familiarize the public with the military buildup, but it ruled out an upscale military parade in front of the presidential building this year.

It said that details of the celebrations have yet to be worked out.

The statement was in response to several Democratic Progressive Party legislators, who demanded on Friday that the budget for the planned military parade be cut.

Military sources indicated, however, that the military will sponsor a series of "dynamic and static" programs from July 7 through Oct. 25 to observe the 50th anniversary of the end of World War II.

A military exercise on Oct. 10 by the Air Force and Navy, codenamed "Hua Hsing," may be the primary program. The maneuvers are scheduled to take place in southern Taiwan.

DPP Poll Shows President Li Enjoys High Support

OW1505024695 Taipei CNA in English

0124 GMT 15 May 95

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, May 13 (CNA) — Most Taiwan residents think President Li Teng-hui has done a good job in office, according to the results of a poll conducted by the opposition Democratic Progressive Party [DPP].

This was the first time the DPP has conducted its own poll on the domestic political situation. DPP chairman Shih Ming-teh said the DPP will try to do more surveys and long-term systematic research and analyses in the future to get to know how the majority of the people feel on a range of subjects.

On the job performance of President Li, about 70 percent of the respondents said Li has done a good job on the diplomatic front, 50 percent said he has done a good job handling cross-Taiwan Strait relations, and more than half said he has done a good job on constitutional reforms. About 15 percent [as received], and 18 percent said he has done a "poor" job in the three areas, respectively.

But Shih noted that more of those who approved of Li's performance said he was doing a "fair" job rather than an "excellent" job, so that Li was not on as solid ground as popularly believed, and that his road to reelection would not be an easy one.

Meanwhile, scholars at a seminar on Saturday [13 May] agreed that President Li has successfully steered Taiwan down the road toward democracy through peaceful reforms during his first five years in office.

The scholars also agreed that Taiwan has walked out of the shadow of diplomatic isolation in the international community, and that the government needs to continue

to push for constitutional reforms and reaffirm the direction in which it is headed.

The scholars also offered their views on Taiwan's first popular presidential election, which is scheduled for early next year.

Huang Hui-chen, an official at the institute for national policy research, lauded the reforms Li has pushed through during his time in office, saying they have ensured the stable development of Taiwan. Huang said that compared with the emerging nations in the 1970s,

Taiwan's political reforms have been more effective and have been achieved at a lesser cost.

National Taiwan University Professor Wei Chi-lin, meanwhile, said Taiwan's next president should have the ability to solve the great debate of unification versus independence, maintain stable cross-strait relations, push for constitutional reforms, maintain stability on the island, continue to upgrade the island's infrastructural system, and redress Taiwan's financial problems.

Hong Kong

Patten Writes on Need for Meeting With Lu

HK1405053195 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 14 May 95 p 13

["Exclusive" article by Hong Kong Governor Chris Patten: "Mr Lu, Let's Talk It Over"]

[FBIS Transcribed Text] Last week United States President Bill Clinton met Russian President Boris Yeltsin in Moscow; a British minister met Sinn Fein leaders in Belfast. These are welcome developments in an often troubled world. Whatever the disagreements — some decades or centuries old, some the cause of death and disaster — it makes sense for men and women to sit down together and talk things through.

Hong Kong people would, I am sure, like to see (China's Hong Kong and Macao Affairs Office) Director Lu Ping and me doing that when he makes his very welcome visit to the territory this week. With our shared interest and concern for Hong Kong, there is so much for us to discuss. But regardless of whether he takes up my invitation, I have also suggested to him that he should take the opportunity of his visit to meet (Chief Secretary) Anson Chan Fang On-sang and her senior colleagues.

Apart from the positive signal this would give, such meetings would give the administration an opportunity to explain something of the remarkable achievements of Hong Kong as well as the problems it continues to face. When I last met Mr Lu in 1992, Hong Kong's GDP (gross domestic product) was equivalent to about 18 per cent of China's.

Today the figure is 26 per cent. Two-and-a-half years ago we were predicting that Hong Kong's reserves in March 1997 would stand at \$78.4 billion. Latest forecasts are that the figure has climbed to \$151 billion. And that has been achieved, by the hard work of Hong Kong people, while cutting taxes and developing education, housing, health and welfare programmes. Nothing would give me greater pleasure than being able to take Mr Lu to see some of our social programmes, to show him what we're doing and to explain, candidly, what remains to be done, for example, to help the disabled, the elderly and those who are still badly housed.

But the long and short of it is that Hong Kong is a success story. And that's what we all — Britain, Hong Kong and, I am sure, China — want it to go on being.

There is no reason at all why Hong Kong's success should not continue. But, similarly, this cannot be taken for granted. Whatever the circumstances, people often

find change unsettling. They need reassurance. It is hardly surprising that faced with the unique prospect of a complete change of sovereignty, people in Hong Kong are in particular need for reassurance. That is the issue that Mr Lu and I should be addressing. And increasingly, of course, it is to China, the future sovereign, that people look for reassurance, to ensure that what they have been promised in words will be met in deeds.

When I travel round Hong Kong, when I appear before the Legislative Council, when I meet community groups, local and international businessmen, politicians of all complexions, I am faced with a barrage of questions about the future. Not about the immediate future to June 1997, but the future beyond, under Chinese sovereignty. Will business be done in the same way after 1997, people ask. How can I be sure that the rule of law will prevail? I am asked whether we will have a meritocratic, non-political civil service. People ask about the likelihood of free speech surviving in the vigorous way that it flourishes today. They wonder aloud what is going to happen to the politicians whom they have openly elected to represent them. They ask whether Hong Kong will still enjoy the sort of autonomy that it has today.

These are not my questions. I have not made them up. They are the issues that many people think about and worry about.

How do I reply? I usually start by expressing my own personal faith in the energy, tenacity and entrepreneurial skills of Hong Kong people. I then set out my belief that the Hong Kong system, its way of life, will prevail, and that it is in China's interests that it should do so. And I point to all the essential freedoms and values which are set out and guaranteed by Britain and China in the Joint Declaration. But I invariably end by making clear how important it is for China, as the future sovereign, to provide its own reassurances, and to demonstrate by its actions, to anyone who may doubt it, that China too is fully committed to preserving Hong Kong's way of life and rule of law. There are a number of ways — concrete ways — in which Mr Lu could give such reassurances when he visits Hong Kong next week. First, China is committed to a Legco [Legislative Council] constituted by elections in Hong Kong. It would be an important and welcome step if he talked to all those who win elections here. They will not go away. They will no doubt continue to contest elections under any fair system which is in place, and do so in a moderate and law-abiding way. I doubt whether there is anywhere in the region where political debate takes place in such a calm and moderate atmosphere.

Second, everyone wants reassurances about the future of the rule of law. That's why businessmen from Hong Kong and from other countries press Mr Lu so hard on the Court of Final Appeal. For them, it's a litmus test of China's commitment to the rule of law here. But everyone would like it to go ahead with China's agreement. The draft bill has been with China now for a year. Mr Lu could give no better gift to Hong Kong on his visit than a green light on this bill.

Third, the Hong Kong community would like to see more positive progress in the JLG (Joint Liaison Group) and elsewhere. In whose interest is it for important issues to be held up? Not China's. Certainly not Hong Kong's. The airport has been the most notable casualty and we do not yet have China's OK to the Financial Support Agreements for the airport. Mr Lu told businessmen on his US visit that these would be settled "in days". We hope these days will be numbered when he visits next week.

Fourth, Hong Kong is a mobile community. People want to be sure that things will stay like that. We should be able to crack those problems of right of abode and nationality that haunt some people here. Some concrete reassurance from Mr Lu would be very welcome indeed.

Last, we've got one of the best public services in the world. Good civil servants. Excellent disciplined services. They need to know that things aren't going to change. Not their pensions. Not their employment rights. Above all, not the way they are managed and the way they conduct Hong Kong's business. I have no doubt at all that Mr Lu recognises the invaluable contribution that the civil service has made to Hong Kong's success and wants as fervently as I do for this continue. Whatever he is able to say to underline China's commitment to continuity, stability, and meritocracy in the civil service will be warmly welcomed.

I hope Mr Lu has an excellent visit to Hong Kong. He is always welcome. We would like to see him here more often. It's a good place, a remarkable place. He and I and the Hong Kong administration should be seen to be co-operating to keep it a success. Hong Kong would like that. So would I.

Lu Ping Plans To Speak in Hong Kong

HK1205145695 Beijing ZHONGGUO XINWEN SHE in English 1332 GMT 12 May 95

[FBIS Transcribed Text] Beijing, May 12 (CNS) — Lu Ping, Director of Hong Kong and Macao Affairs Office under the State Council, will go to Hong Kong to attend the meeting of the Political and Economic Sub-Groups under the Preparatory Working Committee (PWC) soon.

Lu Ping said that as the Deputy Director and Secretary-General of the PWC, he will go to Hong Kong to attend the meeting of the Political and Economic Sub-Groups under the PWC. Since he attended the past meetings, he will also be present at the next meeting. In addition, Mr. Lu will be invited to attend the seminar of "Strengthening the Financial Centre Status of Hong Kong While Moving Towards 1997" organized by the Economic SubGroup, and will make a speech at a luncheon. The content of this speech will mainly include the general problems concerning every sector in Hong Kong, for example, the Court of Final Appeal, the right of abode in Hong Kong, the civil servants issue, and so on. Mr. Lu will also attend other talks. Many Hong Kong people have invited Mr. Lu to their activities, but he regrets that he cannot attend all these activities as he will only stay for a short period. He sincerely welcomes people from all sectors in Hong Kong to make contact with him through various means, no matter whether he is in Hong Kong or Beijing.

A reporter asked, "You have said time and again that you will not meet Hong Kong Governor Patten on this occasion. But will you meet Mrs. Anson Chan, the Chief Secretary and other high-ranking officials of Hong Kong?"

Lu Ping replied that he is willing to meet the high-ranking officials of Hong Kong. Mrs. Anson Chan has invited him for a meeting, but both parties are unable to fix a time. He believes that he will have time to meet Mrs. Chan in future and that there will be many opportunities for doing so.

Visit To Include Meeting

HK1505030895 Hong Kong SOUTH CHINA MORNING POST in English 15 May 95 p 2

[By Catherine Ng and Fung Wai-kong]

[FBIS Transcribed Text] The Director of the Hong Kong and Macao Affairs office, Lu Ping, will be able this week to meet more civil service unions than he did last year despite not having the time to meet their bosses, Governor Chris Patten and Chief Secretary Anson Chan Fung On-sang.

More than a dozen staff unions have been invited to talks on Thursday morning with the senior mainland official on the territory during his week long visit starting today. The additional trade unionists include the expatriate civil servants, who were shut out of the similar seminar between government staff associations and Mr Lu last year. According to Chinese Civil Servants Association president Wong Hyo, other trade unionists from the four major consultative councils

representing senior, junior and disciplined officers will also attend.

Arrangements were made for the Former Civil Servants Association, founded by one-time senior officials Nicky Chan Naikeong and Wilfred Wong Ying-wai, to meet Mr Lu. Mr Wong said: "It is good only in the sense that more opinions can be heard because more are invited to participate. But because more opinions can be heard does not mean that more indepth discussion will be possible," he said. It is understood the expatriate officers were excluded last year because of a lack of translation facilities.

Royston Griffey, president of the Association of Expatriate Civil Servants, welcomed the invitation and said: "It may be an important signal that overseas officers are welcome to stay in the service after 1997." He added that he would bring this up for discussion.

Meanwhile, leading pro-China figures defended Mr Lu's decision not to meet the Governor and the Chief Secretary. Dorothy Liu Yiu-chu, a local delegate to China's National People's Congress, said Mr Lu was in a catch-22 situation with the invitations from Mr Patten and Mrs Chan. People would be disappointed if the meetings yielded nothing concrete, said Ms Liu. "But on the other hand, Mr Lu is very reluctant to reach new agreements with the Governor as he doubts whether Mr Patten will honour his promises."

As for the Chief Secretary, Ms Liu said Mr Lu would be willing to meet her later this year if no new rows break out. Tsang Yok-sing, chairman of the pro-China Democratic Alliance for the Betterment of Hong Kong, agreed that this would not be the right time for the two to meet. "Such a summit would give Hong Kong people an impression that the row between China and Britain is over," he said, "but actually their relationship has remained icy."

Deng Son-in-Law Named Vice Chairman of Company

HK1305055995 Hong Kong HONGKONG STANDARD in English 13 May 95 p 1

[By Karen Chan]

[FBIS Transcribed Text] Paramount leader Deng Xiaoping's son-in-law, He Ping, has been appointed vice-chairman of SHK Hong Kong Industries, the group announced yesterday. Mr He, married to Mr Deng's youngest daughter Deng Rong, is the son of Marshal He Long, who died in disgrace during the Cultural Revolution. He is among those described as "princelings", children of party leaders active in business circles.

Mainland-backed Continental Mariner Investment recently acquired 119.38 million shares in SHK Hong Kong Industries. The shares had been disposed of by a company privately controlled by Li Kashing.

The announcement of Mr He's appointment to a Hong Kong-based firm comes amid rumours of a string of corruption scandals involving senior government officials and "princelings". Local reports have alleged two of the patriarch's relatives are involved in corruption investigations.

Meanwhile, Deng Pufang, the patriarch's son, "dismissed as rumour the cloud of innuendo enveloping his family," an Australian newspaper said yesterday. The patriarch's disabled son told the Sydney Morning Herald he could "account for every single penny" of the China Disabled Person's Federation, of which he is chairman, and that his brothers and sisters also worked in a normal way. He also played down reports about his father's impending death saying: "His health is very good. Of course there are a lot of rumours every day."

Li Peng Reassures Hong Kong Businessmen

HK1305070795 Beijing ZHONGGUO XINWEN SHE in Chinese 1410 GMT 9 May 95

[Report by reporter Zhao Jian (6392 0256): "Li Peng Says Local and Foreign Commercial Interests in Hong Kong Will Be Fully Guaranteed After 1997"]

[FBIS Translated Text] Beijing, 9 May (ZHONGGUO XINWEN SHE) — This afternoon, in the Purple Light Pavilion inside Zhongnanhai, Premier Li Peng met the visiting delegation of Hong Kong U.S. and U.S. Hong Kong Economic Cooperation Committee, which was led by Chairmen Dong Jianhua and Paul Wolock. Li Peng said during the meeting: After 1997, local and foreign commercial interests in Hong Kong will be fully guaranteed.

During the meeting, Li Peng reiterated the Chinese Government's consistent policy toward the Hong Kong issue. He said: There is adequate ground for us to have full confidence in Hong Kong's future, the Chinese mainland and Hong Kong have very close links, and the mainland's stability and development are the basic condition for Hong Kong to maintain stability and prosperity.

Li Peng said he believed that Hong Kong would continue to maintain its status as an international financial, trading, and shipping center.

During the meeting, Li Peng praised the efforts made over the years by the Hong Kong U.S. and U.S. Hong Kong Economic Cooperation Committee to promote the

development of economic and trade ties between the Chinese mainland and Hong Kong, and between China and the United States. He also briefed the guests on China's domestic situation, saying that China's political situation is stable and its economy continues to maintain the growth trend. Since the beginning of this year, the excessively high inflation has been checked, and the increase in retail prices has slowed down. We will continue to take measures gradually to bring inflation down.

Wolock said: "I visited China four years ago; now I have come again, and have seen the great progress it has made. I believe that China will make even greater progress in four more years."

He said that before arriving in the capital, he had seen a prosperous economy in Hong Kong, and that the residents there are confident in the post-1997 Hong Kong, which is very important as Hong Kong moves to maintain its status as the world's finance and trading center.

Wang Zhaoguo, vice chairman of the National Committee of the Chinese People's Political Consultative Conference, and Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, attended the meeting.

PRC Official on Non-Interference With Police

HK1205135295 Hong Kong Television Broadcasts Limited in English 1200 GMT 12 May 95

[From the "News at 8:00" program]

[FBIS Transcribed Text] A senior Chinese public security official has assured Hong Kong that Beijing will not interfere with the local police force after the sovereignty changeover in 1997. Tian Qiyu also says that there should be more channels of cooperation to help fight cross-border crimes in future. Diana Yeung has the story:

The latest efforts to calm worries about police-related issues beyond 1997 came from deputy head of the Chinese Ministry of Public Security.

[Tian Qiyu] After 1997, we will neither take over Hong Kong's police force nor interfere with internal affairs of Hong Kong's police force. As regards bilateral relations, the hinterland public security organs and Hong Kong's police force will maintain relations of non-interference, constant contacts, and mutual support.

The local police chief, who was in the audience, was one of the first to show appreciation.

[Local Police Chief] I think that the whole speech was also centered on close cooperation between Hong Kong

and our counterparts in China. I think that on the whole, it is a very positive and very good speech.

But action speaks louder than words. The Chinese official said that Beijing is ready to explore more channels in addition to the Interpol to cooperate with the Hong Kong police in the fight against cross-border crimes. But he didn't elaborate. He also evaded questions about police officers' confidence in the future, only saying that he believes most officers would stay in the force after the changeover.

Later in the afternoon, Tian, accompanied by Hong Kong's director of immigration and preliminary working committee members, visited the immigration department. He was the first high-ranking Chinese public security official to visit the department. Diana Yeung, TVB News.

Exco Rejects Public Access Channel for Cable TV

HK1205093695 Hong Kong EASTERN EXPRESS in English 12 May 95 p 2

[By Wing Kay Po and Sam Mok]

[FBIS Transcribed Text] The Government has rejected a request for a public access television channel on Wharf Cable, in a sign that it might have forgone the right to use the Wharf channels it is entitled to.

The Government also rejected the idea of a 24-hour public broadcasting service run by Radio Television Hong Kong (RTHK) to produce cultural and public affairs programmes.

The Executive Council made the decisions after considering an inter-departmental working group report on Government channels on Wharf Cable, which is required by its licence to provide up to three channels for Government use. The decision not to take up these channels calls into question the need for such a provision when the licence is reissued in mid-1996.

The Government yesterday said there were presently ample opportunities and avenues on existing television and radio channels, whether provided by commercial licensees or by RTHK, for community groups and individuals to air their views, voice their opinions and grievances, and obtain public information and knowledge.

A Recreation and Culture Branch spokesman said there were "serious practical difficulties" involved in establishing and running a public access service in Hong Kong, including difficulties in making sure the service would not be misused for political, commercial or pornographic purposes. There would be difficulties in relying on post-broadcast sanctions for anyone who

might make use of a public access service to defame others, infringe copyright or seriously offend public morals or sensitivities.

Pre-screening or precensoring of programmes, on the other hand, would have Bill of Rights implications for freedom of opinion and expression, he said.

He said that, for such a service to operate effectively, it would need legal powers. However, setting up a statutory body would not be cost-effective for the sole operation/regulation of one channel.

RTHK yesterday said it regretted the decision.

The chairman of the Journalists' Association, Ivan Tong, objected to the decision, complaining that it had been made without public consultation.

"Public-access channels will enhance freedom of expression. The Government's reasons for rejecting such channels are rather weak," he said. The convenor of the lobby group Media Concern, Mathias Woo, was also disappointed.

"The Government is breaching its vow of promoting a pluralistic broadcasting environment," Woo said.

PWC's Social Security Panel Meets in Hong Kong

OW1105162095 Beijing XINHUA in English
1522 GMT 11 May 95

[FBIS Transcribed Text] Hong Kong, May 11 (XINHUA) — The 11th meeting of the social security panel of the Preliminary Working Committee (PWC) for the Hong Kong Special Administrative Region (SAR) was held here today.

During today's meeting, the social security panel mainly discussed the contents of the panel's work report to be presented to the Fifth Plenary Session of the PWC, said Wang Shuwen, the head of the panel, after the meeting.

He said since the Fourth Plenary Session of the PWC held last December the social security panel mainly discussed over two issues: the issue of the traveling documents by the future Hong Kong SAR and the cooperation between the Chinese mainland and Hong Kong in fight against crime.

The panel held that the direct and wide contacts conducted by the members of the panel with the local people over the past two days are conducive to the strengthening of the panel's communications and ties with the local citizens and to the study of the issue closely related to their own interests, he said.

The panel will continue to listen to the views and suggestions from the various sides of the local community through different forms, he added.

On Tuesday members of the social security panel held two separate talks with representatives from the social welfare circle in Hong Kong and leaders of the trade unions from the local disciplined forces.

On Wednesday, the panel held another talk with some 30 local district affairs advisers appointed by Beijing and made a tour to a residential area developed by the local government.

During the two days of activities, members of the panel solicited the views and suggestions from the local people at various levels on a number of issues concerning the smooth transition in Hong Kong in the run-up to 1997.

According to Wang, the social security panel will continue its meeting tomorrow morning. At the noon, Chinese Public Security Vice-Minister Tian Qiyu, member of the social security panel, will give a luncheon speech on cooperation between the Chinese mainland and Hong Kong in fight against crime at a local five star hotel.

After Tian's luncheon speech, members of the social security will pay a visit to the Immigration Department at the invitation of the department's director Lawrence Leung Ming-yin to watch machine-readable passports being produced by computers and other related operations.

At the invitation of the Chairman of the Hong Kong Hospital Authority Peter Woo Kwong-ching, members of the panel will also pay a visit to Sir Edward Youde Hospital tomorrow afternoon.

People Briefed on Work

OW1305120795 Beijing XINHUA in English
1150 GMT 13 May 95

[FBIS Transcribed Text] Hong Kong, May 13 (XINHUA) — About 150 Hong Kong people attended a briefing meeting held here today by the social security panel of the Preliminary Working Committee (PWC) for the Preparatory Committee for the Hong Kong Special Administrative Region (SAR).

At the two-hour meeting, Wang Shuwen and Rita Fan Hsu Lai-tai, co-convenors of the PWC's social security panel, briefed the participants over the panel's work since its establishment in 1993 and also answered the questions raised by the participants.

All the invitees to today's meeting are local deputies to the National People's Congress, China's parliament, local members of the Chinese People's Political Consultative Conference, Hong Kong affairs advisers and district affairs advisers appointed by Beijing.

Rita Fan Hsu Lai-tai said that as an advisory organ set up for the preparation for the Preparatory Committee for the Hong Kong SAR, the PWC's social security panel had abided by the principle that all the issues touched upon by the panel must be in accordance with the Basic Law.

Wang Shuwen said that the social security panel had so far held 11 meetings and the major task of the panel is to study the social security issues concerning the transfer of power and smooth transition in Hong Kong and the interests of the Hong Kong in the run-up to 1997.

He said that the panel had discussed issues mainly covering the traveling freedom of the Hong Kong residents, the social security and the retirement protection and social welfare.

Regarding the traveling freedom of the Hong Kong residents, Wang said that there is a whole set of stipulations in the Basic Law which fully protect the traveling freedom of the Hong Kong residents after 1997.

He called for the further promotion and publicity of the Basic Law so to dispel the unnecessary misunderstandings and misgivings among certain local residents.

Referring to the social security issue, Wang said that the panel had mainly discussed the police cooperation between the Chinese mainland and Hong Kong over the fight against the cross-border crimes.

He noted that such cooperation is of great necessity before and after 1997 and the two sides must carry on the cooperation beyond 1997 and the cooperation after 1997 should reflect the policy of the "One Country, Two Systems".

As for the retirement protection and social welfare issues, Wang said the issues are directly related to the interests of the Hong Kong masses and concern the prosperity and stability of Hong Kong, therefore they must be handled in strict accordance with the Basic Law.

According to Wang, the social security panel had put forward a number of suggestions on the retirement protection and social welfare issues.

On the retirement protection issue, Wang said that the panel suggested that the existing retirement protection system in Hong Kong which has proved effective after practice should be maintained and further improved after 1997.

The panel stressed that the retirement protection scheme of the Hong Kong SAR should be applied only to the employees still at their posts and all the employees on the job should participate in the retirement protection scheme, he said, adding that the government should

strengthen its supervision over the retirement protection in the private sector.

Talking about the social welfare issue, Wang said that the panel suggested that the social welfare development should be based on the economic conditions and the social needs and it should take into consideration the interests and needs of the various people of the local community.

According to Wang, the panel had also discussed the public housing issue in Hong Kong and put forward relevant suggestions.

He emphasized that the present long-term housing strategic scheme in Hong Kong must be completed before 1997.

However, he failed to elaborate on the scheme.

Wang disclosed that in the remaining time of the year, the social security panel will focus its discussions on the issues regarding the assistance given by the People's Liberation Army to be stationed in Hong Kong at the request of the government of the Hong Kong SAR in case social disorders and natural disasters take place in the region.

It will also discuss the issues regarding the local disciplined forces and make further study of the social welfare issue, he added.

At the end of the meeting, Wang also answered questions raised by the participants and extended thanks on behalf of the social security panel for the suggestions and views the panel had solicited from the local people during its stay here.

Wang, a member of the Standing Committee of the National People Congress, arrived here earlier this week to chair the 11th meeting of the PWC's social security panel which came to a conclusion here today.

During the five day meeting, members of the panel had made wide contacts with the local people including local officials and visited a number of places including the immigration department, a hospital and a few families.

The purpose of holding the meeting here is to facilitate the direct communications and strengthen the ties between members of the panel and the local residents so that the panel's suggestions prepared for the reference of the Preparatory Committee of the Hong Kong SAR could more conform to the actual situation in Hong Kong, said a member of the social security panel.

Panel Ends Meeting

OW1505010895 Beijing XINHUA Domestic Service
in Chinese 1513 GMT 13 May 95

[FBIS Translated Text] Hong Kong, 13 May (XINHUA) — After successfully concluding its 11th meeting, the social and security affairs subcommittee under the Preliminary Working Committee [PWC] of the Hong Kong Special Administrative Region [SAR] Preparatory Committee today briefed National People's Congress deputies and Chinese People's Political Consultative Conference members in the Hong Kong area, Hong Kong affairs advisers, and some district affairs advisers about the meeting. Recently, the subcommittee extensively contacted people from all walks of life in Hong Kong to find out about their views.

Wang Shuwen, social and security affairs subcommittee chairman, gave a detailed briefing on Hong Kong residents' freedom of movement into and out of the territory, social order, and retirement pensions and social welfare — three issues that the subcommittee discussed in accordance with the "one country, two systems" principle, and studied in light of the Basic Law.

On the freedom of movement into and out of the territory, the subcommittee studied and offered its preliminary views on the settlement in Hong Kong of mainland-born children of Chinese citizens with permanent resident status in Hong Kong, the selection of Hong Kong by non-Chinese nationals as their place of permanent residence, the retention of Hong Kong permanent resident status by Chinese citizens who return to Hong Kong after emigration to other countries, and passports and other travel documents for the Hong Kong SAR.

Cooperation between mainland public security organs and Hong Kong police in cracking down on crime was also one of the subcommittee's main topics of discussion. Subcommittee members expressed the belief that the two territories, which in the past had successfully cooperated through Interpol, would continue to increase cooperation in criminal and judicial affairs after 1997 in accordance with the "one country, two systems" principle.

The subcommittee attached great importance to the social welfare and retirement pension scheme that has a bearing on Hong Kong residents. Subcommittee members maintained that the formulation and implementation of relevant policies should correspond to Hong Kong's economic development and benefit Hong Kong's prosperity and stability. They noted that Hong Kong's existing effective retirement pension system could be retained. They also called for attention to be

given to other issues such as the welfare of handicapped people and poor families.

Wang Shuwen also briefed participants on the topics the PWC's social and security affairs subcommittee would discuss during the latter half of the year. These include enlisting the assistance of troops stationed in Hong Kong as necessary in maintaining social order and providing disaster relief at the Hong Kong SAR Government's request, as well as issues related to law-and-order troops and the social welfare system.

Qin Wenjun, XINHUA NEWS AGENCY's Hong Kong branch deputy director, chaired today's meeting.

Preliminary Committee's Legal Panel Holds Meeting

OW1405145495 Beijing XINHUA in English
1413 GMT 14 May 95

[FBIS Transcribed Text] Hong Kong, May 14 (XINHUA) — Most of the existing laws and ordinances in Hong Kong will basically remain unchanged after 1997 so as to ensure a smooth transition in the region, said a senior Chinese official here today.

Shao Tianren, convenor of the legal panel of the Preliminary Working Committee (PWC), made the point following the conclusion of the first session of a two-day meeting of the PWC's legal panel which started here today.

Shao, a legal expert in China, said that only those laws and ordinances in Hong Kong which contradict the Basic Law will have to be changed.

At today's meeting, members of the PWC's legal panel focused their discussions on the panel's work report to be submitted to the 5th Plenary Session of the PWC in June, he said.

Besides, members of the panel also examined some of the existing ordinances in Hong Kong, he added.

According to Shao, a total of five ordinances including the Government Flying Service Ordinance, the Royal Hong Kong Auxiliary Police Ordinance and the Essential Service Ordinance were examined at today's meeting.

Shao said that it was the panel's preliminary view that the five ordinances examined could be used as the laws of the future Hong Kong Special Administrative Region (SAR) as no contents in the ordinances had been found contradicting the Basic Law except for some of the names in the ordinances which are tinted with the colonial colors.

The legal panel is a sub-group under the PWC, which provides opinions and suggestions on the existing Hong Kong laws and ordinances for the reference of the Preparatory Committee for the Hong Kong SAR, which is due to be set up next year.

According to Shao, the legal panel has so far examined some 400 out of the 600-plus existing laws and ordinances in Hong Kong.

He said that the examination of the remaining laws and ordinances is expected to be completed by the end of this year.

Shao said that the legal panel had adopted a very prudent attitude towards the examination of the existing Hong Kong laws and ordinances.

The basic policy guiding the panel's work is to keep the existing Hong Kong laws and ordinances unchanged so as to ensure a smooth transition in Hong Kong, he said.

According to Shao, it was the first time that the PWC's legal panel held its meeting in Hong Kong.

Members of the legal panel arrived here on Thursday for the 13th meeting of the panel.

During their stay here, members of the legal panel have made wide contacts with the people from the local legal society in order to listen to their views and suggestions, said Shao, adding that such contacts would do good for the panel's work.

Hong Kong Advisers Visit Guangzhou Military Region

OW1305144/95 *Beijing XINHUA in English*
1420 GMT 13 May 95

[FBIS Transcribed Text] Guangzhou, May 13 (XINHUA) — A group of over 400 advisors on Hong Kong affairs visited an army unit of the Guangzhou Military Area Command here today to get more knowledge about the Chinese forces that will move into Hong Kong in 1997.

Headed by Zhou Nan, director of the Hong Kong Branch of the XINHUA NEWS AGENCY, the visiting advisors were welcomed with military music and warm applauses when they entered a barrack of the army unit stationed in Guangdong this afternoon.

The military area commander Li Xilin expressed warm welcome to the visitors, and said that the People's Liberation Army (PLA) will formally move into Hong Kong after China resumes its sovereignty over the region in more than 700 days from now. They will ensure a strong guarantee to the safety and stability of Hong Kong.

Zhou Nan said that historical factors have led to the little knowledge of the PLA among Hong Kong people, adding that it is imperative to enhance exchanges between the Hong Kong compatriots and the PLA so that the PLA will become known and familiar to Hong Kong people.

"It is in line with the strong wishes of the general public in Hong Kong, it is also a necessity for the smooth transfer of political power to China and the stable transition of Hong Kong," he said.

The group of advisors were briefed by army officers of the command, and visited an exhibition of the army unit. They also held talks with soldiers and officers of the army.

Regret Lack of Information

HK1405060795 *Hong Kong SUNDAY HONGKONG STANDARD in English* 14 May 95 p 1

[By Lily Mak in Guangzhou]

[FBIS Transcribed Text] A group from Hong Kong liked the red-carpet welcome they got on a visit to a Chinese military base yesterday. But they were less keen on the lack of information about the role of the People's Liberation Army in Hong Kong after 1997.

More than 380 Beijing-appointed Hong Kong district affairs advisers were on a visit to the Guangzhou military region, where they were welcomed by the region's commander, Lieutenant-General Li Xilin. The advisers were given an introduction to the army and its history and shown around the dormitories of the Red One Brigade.

But the openness did not extend to providing answers on Hong Kong's future relations with the PLA, according to Kowloon City District Board member Wong Chi-keung of the Liberal Democratic Federation. "Although they have given a gorgeous welcome to us, I personally feel a bit disappointed because there is no opportunity for us to raise questions, especially on the PLA after 1997. 'The people of Hong Kong would like to know about issues like the kind of military uniforms they will wear, what laws will be used when a PLA member commits a crime, who will supervise them and how their discipline will match with the laws of the future SAR,' he said. "With today's brief introduction I don't know what to tell to people." Mr Wong said he would have liked a question-and-answer section with military officers.

Fellow adviser Tam Kwok-kin, a member of the Association for Democracy and People's Livelihood, echoed Mr Wong's view. "There is not much opportunity for us

to chat with the military officers," he said adding that all the talking had been in one direction only.

Another adviser, public relations consultant Chan Yuk-cheung, said the army, as portrayed during the visit, was orderly and disciplined. But he said that from his experience there were individual members who lacked discipline and did not respect law and order. That opinion was shared by Tuen Mun district board member Chan Wan-sang.

The visit also unearthed the anti-PLA feelings of one Guangzhou taxi driver, who used the word "bandits" to describe officers. "My colleagues and I will not give the military men a drive because very often they do not pay the taxi fare," he said.

Advisers conclude the visit today.

JLG Leader on Lack of Cooperation With PWC

HK1405054195 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 14 May 95 p 2

[By political staff]

[FBIS Transcribed Text] Beijing has launched a fresh attack on the Government's failure to cooperate with the Preliminary Working Committee (PWC), ahead of senior mainland official Lu Ping's arrival in the territory tomorrow. Chinese Joint Liaison Group (JLG) team leader Zhou Jihua accused Britain of hindering improved relations by restricting civil servants' contacts with the PWC. Although links have increased in recent months, the Government still bars its officials from attending PWC meetings, in an effort to protect them from being summoned to Beijing.

But Mr Zhou's complaint, at a previously undisclosed meeting with British JLG team leader Hugh Davies last week, brought a swift retort. Mr Davies told his Chinese counterpart it would be more beneficial if "visiting mainland officials" agreed to meet Hong Kong officials: a reference to Mr Lu's refusal to do so.

Last Thursday's meeting — the first Sino-British diplomatic contact since last month's foreign ministers' meeting in New York — yielded little progress, with Beijing still refusing to set a date for long-promised talks on the Court of Final Appeal (CFA).

In an exclusive article in today's Sunday Morning Post, the Governor, Chris Patten, continues his campaign for a meeting with Mr Lu — and urges the senior mainland official to visit Hong Kong more often. Mr Patten calls on his Chinese counterpart to give the go-ahead to the CFA bill: "Mr Lu could give no better gift to Hong Kong on his visit than a green light on this bill." He also warns Beijing must begin a dialogue with elected

legislators. "They will not go away," the article says. "It would be an important and welcome step if he talked to all those who win elections here."

But, speaking in Guangzhou yesterday, Xinhua (the New China News Agency) deputy director Zhang Junsheng reiterated Mr Lu would not meet any government officials during his visit. Asked to comment on Mr Patten's birthday wish that he wanted to meet Mr Lu, Mr Zhang said: "I wish him a happy birthday. 'I think he (Mr Patten) is very clear how Mr Lu will answer (to his birthday wish).'"

Mr Zhang also blasted the Governor for making public his invitation for a meeting with Mr Lu and accused him of playing political tricks. "I hope he (Governor Chris Patten) will do more real work and play less political tricks," he said. He said China never revealed details of diplomatic discussions, and Mr Patten was wrong to do so.

The deputy director, who was visiting the Guangzhou garrison of the People's Liberation Army with some 400 District Affairs Advisers, also revealed preparatory work had now been completed for the PLA's post-1997 garrison in Hong Kong. But he refused to give any further details.

In Hong Kong, the legal sub-group of the Preliminary Working Committee (PWC) held its first meeting with the Law Society and the Bar Association. Bar Association chairman Gladys Li said they had urged the PWC to provide a list of ordinances, which it thought went against the Basic Law. Law Society president Roderick Woo Bun said they asked about the progress of the Sino-British talks on the Court of Final Appeal bill. "They (PWC members) told us that they were no wiser than us. What they know is from the press," he said. Mr Woo said the legal subgroup had indicated they were willing to arrange more meetings in the future.

Liu Yiu-chu, a local delegate to the National People's Congress, urged the PWC social and security subgroup to pay special attention to how to deal with returnees with foreign passports. The issue has caused increasing concern in recent months, following Chinese suggestions it cannot be resolved until after 1997, and is expected to be addressed by Mr Lu during this week's visit.

No Issuing of SAR Passports Before 1997

HK1305055795 Hong Kong SOUTH CHINA MORNING POST in English 13 May 95 p 2

[By No Kwai-Yan]

[FBIS Transcribed Text] A Preliminary Working Committee (PWC) sub-group ruled out yesterday the possi-

bility of giving the task of issuing the Special Administrative Region (SAR) passports to the Immigration Department before the changeover in 1997. But the opinions and advice of the Immigration Department on SAR passports had been considered by China during expert-level talks at the Joint Liaison Group, according to Rita Fan Hsu Lai-tai, local co-convenor of the PWC's social and security sub-group.

Sub-group members, including Public Security Vice-Minister Tian Qiyu, paid an unprecedented visit to the Immigration Department headquarters in Wan Chai yesterday to watch the process of issuing the British National (Overseas) passports. The tour was followed by a meeting with Laurence Leung Ming-yin, Director of the Immigration Department.

Speaking after the visit, Mrs Fan said it would be impossible for the department to deal with SAR passport production before 1997. "The Immigration Department is still responsible to the British Government so it would be difficult to leave the matter to the department as the SAR passport is a Chinese passport," she said. She stressed, however, it would be the department's job after the changeover as Beijing has empowered the SAR government to issue new passports under the Basic Law. However, there seemed no urgency on the passport process as Mr Leung said the sub-group had not asked his department for assistance or for information on issuing passports.

Meanwhile, the legal sub-group of the PWC heard divergent views from a group of district affairs advisers on whether the Court of Final Appeal should be set up before 1997. One adviser, Bruce Liu Sing-lee, who is also deputy chairman of the Association For Democracy And People's Livelihood, quoted Shao Tianren, a sub-group convenor, as saying that China would not recognise the Court of Final Appeal if it was set up without Chinese consent. The issue should be discussed at the Joint Liaison Group, Mr Shao reportedly said.

Contractors Fear Heavy Losses in 1997 Changeover

HK1505033395 Hong Kong SOUTH CHINA
MORNING POST in English 15 May 95 p 6

[By Keith Wallis]

[FBIS Transcribed Text] There are fresh fears that contractors on the territory's public works programmes — some of which straddle the change of sovereignty — could lose billions of dollars unless agreement on contract payments can be reached with China.

Within the year, the Government will tell the Joint Liaison Group (JLG) how much money is outstanding

on airport core programme (ACP) contracts. And firms are worried the Government will cap the level of payments, making it impossible for them to be paid for additional work after June 1996.

Several construction groups with ACP contracts are already pursuing claims for more than \$500 million a result of extra work caused by design changes or poor ground conditions. Tough contract conditions mean the Government is strenuously contesting the claims, but contractors warned the number of claims is tiny now compared with next summer when construction will peak. "It is a very real worry. The Government is expected to tell China what the final bill for the ACP work will be 12 months before construction finishes. This is an impossible task," said one contractor.

The New Airport Projects Co-ordination Office, which oversees airport-related projects, confirmed a financial review would take place. "But it is too early to speculate on what the detailed arrangements for the review might be," said a spokesman.

Lawyers and builders are more concerned about the lack of guarantees for payments on non-airport related construction which would fall outside a deal with the JLG. "If the JLG can agree figures on the ACP work, at least it will offer some certainty of being paid. But there is no protection on normal public works projects," he added.

He said one solution would be for Britain and China to set up a contingency fund using arbitration to settle outstanding payments. A partner in leading construction law firm, Bateson Starr, David Bateson, said uncertainties over payment would affect contracts which finished before or straddled the handover date.

These cover more than \$20 billion worth of projects announced during the recent Budget and include advance work for the Lantau port development, additional port facilities at Tseung Kwan O and six road projects worth more than \$3 billion. "At this stage, most contractors seem to be pushing on regardless of the legal standpoint. "It is possible a lot of those contractors who will be affected have not considered the point at this stage or, alternatively, are being lulled into a false sense of security," he said.

Many contractors believe they are protected by Clause 160 in the Joint Declaration which says the Hong Kong Special Administrative Region government will honour contracts after the handover. But Mr Bateson said this was too optimistic because the National People's Congress had the power to overturn these deals if it ruled they were in breach of the Basic Law.

The problem was recognised by Sino-British negotiators when they drew up the Memorandum of Understanding for the ACP contracts. He believed it was too late for

the JLG to create a similar agreement to protect all other contracts.

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